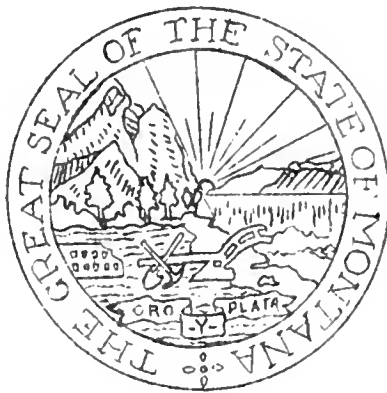


STATE OF MONTANA



REPORT
of the
COMMISSIONER OF STATE
LANDS AND INVESTMENTS

For the Two Fiscal Years
Beginning July 1, 1934, and
Terminating June 30, 1936

TO
THE HONORABLE ELMER HOLT
GOVERNOR

IVER M. BRANDJORD
Commissioner of State Lands and Investments

MANITA B. SHERLOCK
Assistant Commissioner

L. E. CHOQUETTE
Chief Field Agent

DATE DUE

6-27-02		
GAYLORD		PRINTED IN U.S.A.



STATE OF MONTANA

REPORT

of the

COMMISSIONER OF STATE LANDS

AND INVESTMENTS

For the Two Fiscal Years
Beginning July 1, 1934, and
Terminating June 30, 1936

Officers of the Department of
State Lands and Investments

The State Board of Land Commissioners is the governing board created by Section 4 of Article XI of the Constitution, and at the time of writing this report it was composed of the following members:

Hon. Elmer Holt, Governor, President
Hon. Elizabeth Ireland, Superintendent of Public Instruction
Hon. Sam W. Mitchell, Secretary of State
Hon. Raymond T. Nagle, Attorney General

Officers Under This Board:

IVER M. BRANLJORD
Commissioner and Secretary to the Board

NANITA B. SHERLOCK,
Assistant Commissioner

L. E. CHOQUETTE,
Chief Field Agent

RUTLEDGE PARKER,
State Forester (Address Missoula)

L. D. WHITE,
Fire Warden
(Address Missoula)

AMENDMENT TO ENABLING ACT
PERMITTING SALE OF GRAZING LANDS AT \$5.00 PER ACRE,
REMOVING THE LIMITATION OF 640 ACRES ON THE QUANTITY
OF LAND THAT MAY BE LEASED TO ONE PERSON OR COMPANY,
AND MAKING OTHER CHANGES

(Vol. 47 U. S. Statutes At Large, p 150)

An Act to amend section 11 of the Act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That section 11 of the Act approved February 22, 1889 (25 Stat. 676), be, and the same is hereby, amended to read as follows:

"That all lands granted by this Act shall be disposed of only at public sale after advertising - tillable lands capable of producing agricultural crops for not less than \$10.00 per acre and lands principally valuable for grazing purposes for not less than \$5.00 per acre. Any of the said lands may be exchanged for other lands, public or private, of equal value and as near as may be of equal area, but if any of the said lands are exchanged with the United States such exchange shall be limited to surveyed, nonmineral, unreserved public lands of the United States within the State.

"The said lands may be leased under such regulations as the legislature may prescribe; but leases for grazing and agricultural purposes shall not be for a term longer than five years; mineral leases, including leases for exploration for oil and gas and the extraction thereof, for a term not longer than twenty years; and leases for development of hydro-electric power for a term not longer than fifty years.

"The State may also, upon such terms as it may prescribe, grant such easements or rights in any of the lands granted by this Act, as may be acquired in privately owned lands through proceedings in eminent domain: Provided, however, That none of such lands, nor any estate or interest therein, shall ever be disposed of except in pursuance of general laws providing for such disposition, nor unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the State.

"With the exception of the lands granted for public buildings, the proceeds from the sale and other permanent disposition of any of the said lands and from every part thereof, shall constitute permanent funds for the support and maintenance of the public schools and the various State institutions for which the lands have been granted. Rentals on leased lands, interest on deferred payments on lands sold, interest on funds arising from these lands, and all other actual income, shall be available for the maintenance and support of such schools and institutions. Any State may, however, in its discretion, add a portion of the annual income to the permanent funds.

"The lands hereby granted shall not be subject to preemption, homestead entry, or any other entry under the land laws of the United States whether surveyed or unsurveyed, but shall be reserved for the purposes for which they have been granted."

Sec. 2. Anything in the said Act approved February 22, 1889 inconsistent with the provisions of this Act is hereby repealed.

Approved, May 7, 1932.

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY
530 SOUTH EAST ASIAN AVENUE
CHICAGO, ILLINOIS 60607

RECEIVED: 1968 OCT 10 10 10 AM

TO: THE DIRECTOR, NATIONAL BUREAU OF STANDARDS
WASHINGTON, D.C. 20535

FROM: DR. J. H. DUNN, JR., DEPARTMENT OF CHEMISTRY,
UNIVERSITY OF CHICAGO, 530 SOUTH EAST ASIAN AVENUE,
CHICAGO, ILLINOIS 60607

RE: A. J. DUNN, JR., DEPARTMENT OF CHEMISTRY,
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IN MEMORY OF THE LATE GOVERNOR FRANCIS HENRY COONEY

At a meeting of the State Board of Land Commissioners held December 28, 1935, Elmer Holt, Governor of the State of Montana; Elizabeth Ireland, Superintendent of Public Instruction; Sam W. Mitchell, Secretary of State; and Raymond T. Nagle, Attorney General directed and ordered that the following Memorial be entered in the record of the proceedings of the Board in honor of the late Governor Francis Henry Cooney, and that a copy thereof be transmitted to his grief-stricken widow, Mrs. Mae Poindexter Cooney.

"We pause in our deliberations today in respectful memory of the life and character of the late Governor Francis Henry Cooney and in honor of his deeds as chief executive of the State of Montana and President of this Board. Francis Henry Cooney was born at Arnprior, Ontario, on December 31, 1872, and died at the Columbus Hospital in Great Falls on Sunday, December 15, 1935. He took the oath of office as Governor of the State of Montana upon the resignation of Governor John E. Erickson on March 13, 1933. The first meeting of this Board over which he presided was held March 22, 1933, and the last meeting on November 18, 1935.

"Governor Francis Henry Cooney was a brave and courageous man, strong in his convictions and warm in his friendships; he pursued the path of duty as he saw it irrespective of obstacles and opposition in accordance with the dictates of his conscience. He suffered from heart trouble for a number of years, but this did not deter him from the vigorous performance of the arduous duties of his office.

"Governor Francis Henry Cooney was a Democrat in the deepest, finest and truest sense of that word. His heart went out in genuine sympathy to the lowly; no one was too humble to receive a full hearing before him; no one was so mighty that he could dictate his course of action. He had honest respect and reverence for the worth and value and dignity of the individual human life.

"The outstanding achievement of the administration of Governor Francis Henry Cooney was the impetus that he gave to water conservation throughout the state. Sun and soil and water are the great natural factors in the production of agricultural crops. Montana has an abundance of sun and soil, but is deficient in precipitation and water. He encouraged most enthusiastically the conservation of the water that the state has and was successful in obtaining Federal aid for numerous conservation projects. This work will remain of value to the people of the State of Montana as long as the state endures.

"We pause today in respect for his admirable traits of character; in honor of his achievements as Governor of the State of Montana; in deep sorrow over his untimely death; and in sincere sympathy with his bereaved family."

THE STATE BOARD OF LAND COMMISSIONERS

ELMER HOLT,
Governor

ELIZABETH IRELAND,
Superintendent of Public Instruction

(SEAL)

SAM W. MITCHELL,
Secretary of State

RAYMOND T. NAGLE,
Attorney General

Attest:

I. M. BRANDFORD,
Secretary

9

OFFICERS OF STATE LAND DEPARTMENT FROM 1891 TO 1936

YEAR	STATE BOARD OF LAND COMMISSIONERS				REGISTER**	LAND AGENT	STATE FORESTER
	Governor	Supt. Pub. Inst.	Secy. of State	Atty. General			
1890-1892	Jos. K. Toole	John Cannon	L. Rotwitt	H. J. Haskell		Granville Stuart	
1893-1894	John E. Rickards	E. A. Steere	L. Rotwitt	H. J. Haskell		R. O. Hickman	
1895-1896	John E. Rickards	E. A. Steere	L. Rotwitt	H. J. Haskell	S. A. Swiggett Appd. 3/25/1895	J. M. Page	
1897-1900	Robt. B. Smith	E. A. Carleton	T. S. Hogan	C. B. Nolan	H. D. Moore	Henry Neill	
1901-1904	Jos. K. Toole	W. W. Welch	Geo. M. Hays	James Donovan	Thos. D. Long	Henry Neill	
1905-1908	Jos. K. Toole	W. E. Harmon	A. N. Yoder	Albert J. Galen	John D. Schmit	Henry Neill	
1909-1912	Edw. L. Norris	W. E. Harmon	T. M. Swindlehurst	Albert J. Galen	John P. Schmit	C. A. Whipple	
1913-1916	S. V. Stewart	H. A. Davee	A. M. Alderson	D. M. Kelly	F. H. Ray		C. W. Jungberg
1917-1920	S. V. Stewart	May Trumper	C. T. Stewart	J. B. Poindexter	Sidney Miller	C. A. Whipple	John C. Van Hook
1921-1924	Jos. M. Dixon	May Trumper	C. T. Stewart	S. C. Ford	Sidney Miller	C. A. Whipple	John C. Van Hook
1925-1926	J. E. Erickson	May Trumper	C. T. Stewart***	W. D. Rankin	H. V. Bailey	Geo. W. Cook	R. P. McLaughlin
1926-1928	J. E. Erickson	May Trumper	J. W. Mountjoy	L. A. Foot	I. M. Brandjord	L. E. Choquette	Rutledge Parker
1928-1930	J. E. Erickson	Elizabeth Ireland	W. E. Harmon	L. A. Foot	I. M. Brandjord	L. E. Choquette	Rutledge Parker
1930-1932	J. E. Erickson	Elizabeth Ireland	W. E. Harmon	L. A. Foot	I. M. Brandjord	L. E. Choquette	Rutledge Parker
1932-1934	F. H. Cooney	Elizabeth Ireland	Sam W. Mitchell	Raymond T. Nagle	I. M. Brandjord	L. E. Choquette	Rutledge Parker
1934-1936	F. H. Cooney† Elmer Holt	Elizabeth Ireland	Sam W. Mitchell	Raymond T. Nagle	I. M. Brandjord	L. E. Choquette	Rutledge Parker

It will be noted that there was a State Land Agent before there was a Register of State Lands. Mr. Granville Stuart, the first Land Agent, was appointed under an act of the state legislature approved March 6, 1891. The office of Register of State Lands was created by an act of the state legislature approved March 7, 1895. Mr. S. A. Swiggett was the first Register and assumed the duties of the office on March 25, 1895. Prior to the creation of the office of Register the greater part of the routine business of the Land Office was transacted directly by the State Board of Land Commissioners. The Superintendent of Public Instruction acted as its secretary, and continued to serve in that capacity until March 19, 1909, on which date a general revision and codification of the State land laws took effect, under which the Register acts as secretary.

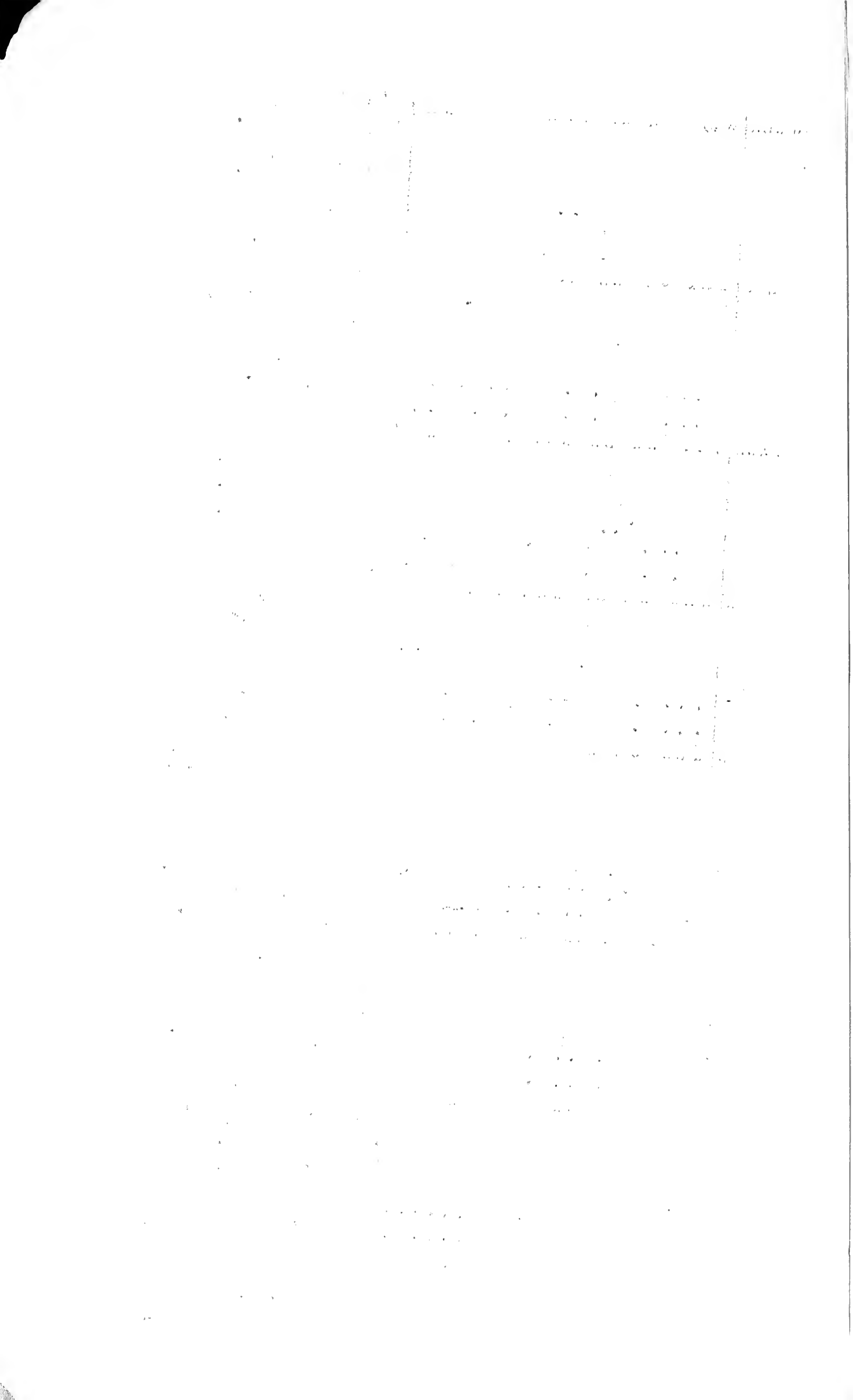
*Mr. Foot served the last four months of Mr. Rankin's term in 1924.

**From and after July 1, 1928, the official title of the Register is "Commissioner of State Lands and Investments".

***The services of C. T. Stewart as Secretary of State terminated on March 4, 1927; N. R. Hawkins served as Secretary from March 5 to May 1, 1927; William Powers served as Secretary from May 1, 1927, to April 15, 1928, and John W. Mountjoy assumed the office April 16, 1928.

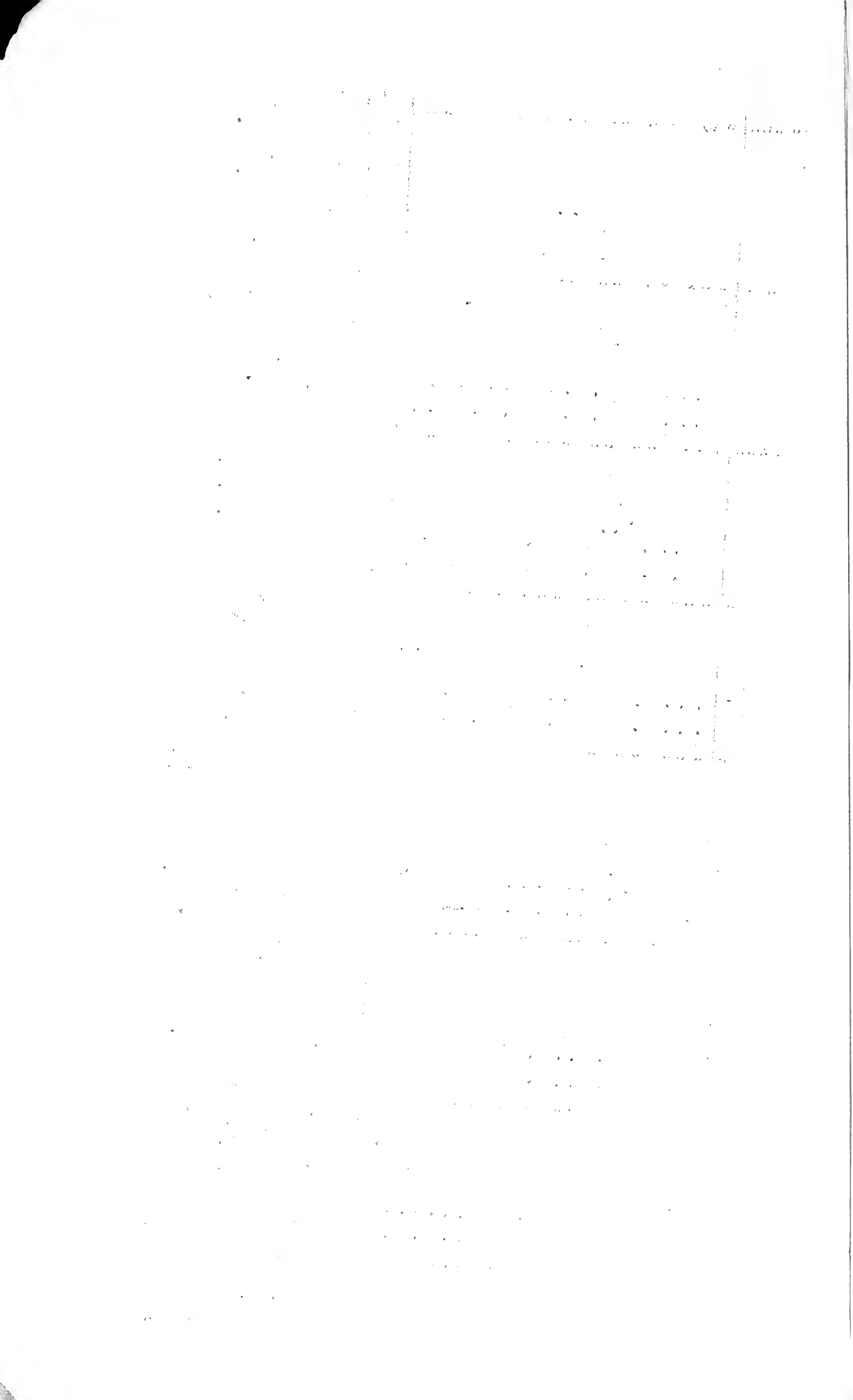
*Governor Erickson was re-elected for a third term at the general election in November 1932; Mr. F. H. Cooney was elected Lieutenant Governor. Mr. Erickson resigned on March 13, 1933, and Mr. Cooney thereby became Governor.

†Governor F. H. Cooney died December 15, 1935, and Mr. Elmer Holt, President of the Senate Pro Tem, thereby became Governor.



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STATE OF MONTANA

Department of State Lands and Investments

Helena, Montana
November 30, 1936

Honorable Elmer Holt,
Governor of the State of Montana.

My Dear Governor:

In accordance with well established usage and the specific provisions of the statutes, I am submitting herewith the report of this department for the two-year period terminating June 30, 1936. Some of the information that it contains is found in earlier reports but is re-embodied in this statement for convenient reference. Allow me to say at the very outset that I am more than thankful to you as Governor and President of the State Board of Land Commissioners and to the other members of the board for the considerate and generous treatment that you have so uniformly accorded me during the time that I have served under you as secretary of the board. It has been my ambition to place before the board accurate and impartial information relating to the various and numerous problems that you have to solve. You have given this information due credit, and our relations have been most pleasant throughout.

How Well Have We Succeeded in the Administration of State Lands?

Compared with other states, the State of Montana has succeeded fairly well in the management of the Federal Land Grants. We have built up large permanent funds from the disposition of land, as Tables Nos. IV and VIII and other tables and information found in this report will show. We also derive a considerable income; please refer to Tables Nos. I and V. The total gross income through this department from all sources during the last two fiscal years slightly exceeded two and one-half million dollars, which is more than four hundred thousand dollars above the income during the two preceding fiscal years. During the last nine years there has been apportioned to the school districts of the state and paid to various state institutions from income obtained through this department about eleven million one hundred thousand dollars - an average of more than one million two hundred thirty thousand dollars per annum. See Table No. XXV.

No Grounds for Boasting

These figures are somewhat impressive, but they furnish no justification whatever for boasting. The total assets of the department producing this income are carried on our records at more than seventy million dollars. See Table No. VIII. No taxes are paid on this vast amount of property and the cost of operations is paid by appropriations from the State General Fund. There can be no doubt but that this vast estate would have produced a far better income if it had been privately owned and privately managed. Far more money would also have been expended in administration; agronomists, economists, engineers, geologists, mineralogists, financial experts and numerous other experts, would have been employed. Under the heading "New Legislation Needed" it is suggested as a humble beginning that provision be made for the services of a geologist or mineralogist from the School of Mines for the examination of state lands as the need for such examinations may arise.

Factors Affecting Income

The drought that for a number of years has held almost uninterrupted sway through the Northwest, including Eastern Montana is of course the fundamental cause in preventing a more rapid increase in the income of this department; and except for the rapid development of irrigation projects now under way, it is almost beyond human power to overcome the evil effects of frequently recurring droughts. Agricultural and grazing rentals must in the long run come from the products of the soil; and when crops fail, this income must inevitably decrease. The same rule also applies to interest on land sales of all kinds. But the income from grazing rentals has also been decreased through legislation. On page 38 of this report, Chapter 42 of the 1933 Session Laws is discussed somewhat at length. Practically speaking, it cuts grazing rentals on state lands down to one-half of what they were under former statutes. As a result thousands of tracts of state lands are now leased at one-half the price for which they were leased in former years. Lessees paid twice what they now pay for the simple

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reason that they knew the land was worth the money. The Supreme Court decision on this legislation, found in 94 Mont., page 295, has not made it any easier to obtain the full market value under state grazing leases.

Chapters 61 and 89 of the 1935 Session Laws also constitute obstructions in obtaining full rental values for state grazing lands. The Supreme Court decision on the said Chapter 61 (100 Mont., page 96) is not much more helpful than the decision on Chapter 42 of the 1933 Session Laws.

On account of the deplorable conditions now prevailing in the prairie sections of the state with regard to agriculture and stock raising, it is, however, not thought advisable to attempt legislation changing the rentals on state lands at the present time.

Attention is here called to the suggestions for "New Legislation Needed" beginning on page 73 of this report. The general object sought is to obtain new legislation which will make it easier to administer the land grants and the funds derived therefrom in full accordance with the letter and the spirit of the Constitution and the Acts granting these lands to the State of Montana.

Progress Made in Obtaining Patents to Sections 16 and 36

The reports of this department for 1932 and 1934 contain information in regard to the attempts that had been made by this department to obtain national legislation authorizing the issue of patents to the states for school sections, and the legislation finally enacted. The plan for this legislation originated in this department and was originally included in a bill introduced by the late Senator T. J. Walsh. It was re-introduced by Senator J. E. Erickson in 1933 who succeeded in having it passed through the Senate. It was piloted through the House by Congressman Roy E. Ayers and signed by the President on June 21, 1934. As finally passed it applies not only to school sections in the State of Montana but to school sections "in place" in any state.

Under the regulations issued by the Department of the Interior, the state wanting patents to its school sections must make application to the local land office giving the description of every tract for which patent is wanted. The applications are published in newspapers designated by the land office, but the state must pay the costs which amount to very considerable sums. Up to this time this department has made application for patent to all its school sections lying west of the Montana Principal Meridian and to all sections in townships 1 to 37 North of ranges 1 to 24 East. We are filing these applications as fast as we are able to pay for the publication from the appropriations made for operating expenses for this department. So far not one single patent has been obtained, but they are sure to come.

Mineral lands were excepted from the original land grants made to this state, and minerals include oil and gas. Uncertainty as to the state's title to valuable oil lands naturally arose. Hundreds of school sections were lost to the state through the creation of forest reserves, through homesteading and in various other ways. Until patents are actually issued by the government for school sections, the state's title must therefore remain in doubt and be open to attack. The obtaining of these patents is therefore of the utmost importance to the state for the protection of its school land grants. This work is the major "project" now under way.

Consolidation of Scattered Sections Into Suitable Grazing Units

As to future undertakings of great importance, special attention is called to the urgent necessity of consolidating scattered sections of state lands into suitable grazing units through exchange with the United States. In many cases it is too expensive to fence a single section of grazing land and to develop a water supply. It is far more economical to fence a tract containing several sections and to develop a water supply for the entire tract. A suitable unit of this kind will be far more useful to the stockmen than scattered sections, and it will be easier to place them under lease. It is therefore the ambition of this department to consolidate such scattered sections through exchange with the Federal Government under the Taylor Grazing Act. Wherever feasible these units should be built up around state lands now under lease. By serving its lessees the state will be serving itself.

In order to make it possible to carry out these exchanges it will be necessary to obtain a substantial appropriation for field work.

The Obligations of the State in the Administration of Federal Land Grants Not Well Understood

Upon the admission of the State of Montana into the Union, the Federal Government granted to the state a total of nearly six million acres for the support and maintenance of its public schools and various state institutions. The lands were granted

solely for the support and maintenance of these schools and institutions, and not for any other purpose. The proceeds from the sale of these lands are to constitute permanent funds; only the income from these permanent funds can be used for the support and maintenance of these schools and institutions. The underlying idea is that the funds shall remain undiminished and continue to produce revenues for the schools and state institutions as long as the state continues to function.

The erroneous idea is altogether too prevalent throughout the state that these vast land grants and the funds arising therefrom are the outright property of the state, and that the state has the right and authority to use these lands and funds in a lavish way for any good and worthy cause whatsoever as the officers of the state may see fit and the individual may desire. This idea is entirely erroneous and badly misleading. The Supreme Court of this state has uniformly and repeatedly told us that these land grants and the funds arising therefrom constitute a trust, and that it is the duty of the State Board of Land Commissioners, and all agencies concerned, to manage this property in such manner as to secure the largest measure of legitimate advantage to the beneficiaries of this trust. Section 1 of Article 17 of the State Constitution specifically provides that no interest or estate in state land shall ever be disposed of at less than the full market value. In other words, the state does not have the right to be generous in the disposition of any interest in state lands, no matter how good and worthy the cause or the undertaking may be for which the land is wanted. This rule applies to every transaction in which state lands are concerned - to the leasing of state lands for agricultural and grazing purposes, to the leasing for the production of coal, oil and gas and the extraction of other minerals, to the granting of easements for public highways, reservoirs and parks, and for any other purpose; the rule also applies to the sale of state lands and to the investment of the funds. The land grants were made for this one single purpose of obtaining revenues for our public schools and other state institutions.

An Appeal for Fuller Cooperation
in the Administration of the
Federal Land Grants

Through the many years that I have served as Secretary to the State Board of Land Commissioners, the board as a whole and its individual members have consistently and faithfully endeavored to discharge their duties in the administration of this vast heritage in full accordance with the purposes for which the lands were granted to the state; but the power of the board is limited by statutes; and thousands of citizens and numerous agencies throughout the state endeavor to exert a very considerable influence on the administration of state lands. As already explained there is a widespread misunderstanding prevalent as to the purpose of these grants and the state's obligation in their administration. The misunderstanding is far-reaching that this is common property, and the sentiment is altogether too prevalent that the state should not be niggardly in the disposition of this common property. The resulting influence is as constant as gravitation.

For the common good, I appeal to all public spirited citizens of the state, to the school boards, and to all officers and agencies of the government of the state concerned with this sacred trust, to cooperate in the fullest measure toward its proper administration so that it may contribute its reasonable share toward the support of the schools of the state and thereby lighten the tax burden resting upon the people.

Aside from their direct value in dollars and cents, these grants have a higher significance. The Federal Land Grants had their origin in the lofty ideals and noble purposes of the Fathers of the Republic. They established a government in which each individual citizen should have the fullest attainable share; and they realized that in order to bring this about the individual citizen would have to be enlightened. They founded the Republic on the intelligence of all its people; and so they encouraged the establishment of free public schools and set aside vast bodies of land for their perpetual maintenance. We are trustees for their lofty ideals.

Respectfully submitted,

I. M. BRANDJORD, COMMISSIONER.

TABLE NO. I
INCOME FROM ALL SOURCES DURING FISCAL YEAR JULY 1, 1934, TO JUNE 30, 1935

	Rentals on	Crazing Fees	Rentals on:	Interest and:	Interest on	Warrants	Miscellaneous	Penalties	etc.	TOTALS
Institutions and Funds to:	Agricultural	Collected by:	Oil and	Land Sales:	from Farm	Interest	on Bonds	etc.	ous Income:	
Which the Income Belongs:	Crazing Leases:	State Forester:	Gas Leases:	(C. P.'s)	Mortgages	on Bonds	etc.	ous Income:	etc.	
State General Fund									\$7,247.87)	23,142.21
Public Schools									\$16,873.86)	
State University	\$217,432.57	\$5,477.99	\$27,325.26	\$109,126.93	99,874.01	\$445,795.57	18,311.40	319,379.26	4,880,405.87	1,063,816.63
Agri. Col.-Morrill Grant	589.55	72.00		1,282.39		16,813.44	9,869.67	(1,607.42	53.04)	20,997.44
Agri. Col.-Second Grant	2,396.05			1,451.68		24,878.06	25,330.71	537.03		22,268.59
School of Mines	528.30	694.87		372.67		9,608.32	10,798.95	954.31		12,002.54
State Normal Schools	3,584.81	362.40		1,839.03		292.17	7,710.16			31,618.61
State Normal Schools	3,189.53	186.92		1,553.79		292.17	7,710.16			30,260.95
Deaf and Dumb Asylum	1,869.60	252.05		967.63		10,798.95	12,251.65			12,697.60
State Reform School	1,136.77	204.90		111.03		10,798.95	12,251.65			12,251.65
Capitol Buildings	2,756.85	1,311.99	604.71	1,148.95		292.17	7,710.16			5,822.50
Soldiers' Home	44.85					292.17	7,710.16			337.02
Mont.Trust & Legacy Fd.						7,710.16	1,666.80			7,710.16
Veterans' Memorial Fund						1,666.80				3,131.21
O. H. & T. B. Society Fd.	15.50			65.89						81.39
State Farm L'n Sink. Fd.					20,095.38					21,416.04
Agri. Experiment Station										145.25
TOTALS	233,544.38	\$8,563.12	\$27,929.97	\$117,919.90	\$128,975.32	\$571,075.25	\$47,165.53	\$107,606.99	\$24,919.24	\$1,267,699.79

The foregoing statement shows all the actual income received by this Department during the fiscal year ending June 30, 1935. It indicates the various sources of this income, gives the amount received from each, and shows to what institutions and funds the income belongs. The figures given show the total gross income actually received without regard to subsequent refunds or deductions.

Every dollar of the net income for the schools and institutions of the state is used for the support and maintenance of these schools and institutions, except that five per centum of the total income for the public schools is annually added to the permanent fund itself and becomes an inseparable and inviolable part thereof under the provisions of Section 5, Article XI of the Constitution. The annual apportionment of the Public School Interest and Income Fund is usually made during the month of February or March and distributes the net income for the preceding CALENDAR year.

The reference figures in the foregoing table indicate the following: 1. Interest on State Warrants. 2. Interest on Bank Deposits. 3. Income Tax, Chapter 181, Laws of 1933, and Chapter 40, Laws of Extra Session 1933-34. 4. Inheritance Tax, Chapter 48, Laws of Extra Session 1933-34. 5. Wheat Allotment Payments from the United States. 6. Boxing Match Receipts from Counties. 7. Electricity Tax. 8. Telegraph Tax.

Under Section 4 of Chapter 175, Laws of 1935, no part of the income tax, inheritance tax, electricity tax, telegraph tax or similar taxes will be paid into the Public School Income Fund. School income from these sources is to be paid into the newly created "State Public School General Fund". In the foregoing statement these taxes account for more than \$100,000.00.

Under Chapter 127, Laws of 1935, all receipts arising from state farm mortgage loans are to be paid into the "State Farm Loan Sinking Fund", interest at 2% per annum; taxes and similar expenses in connection with these loans are payable from this fund.

The gross income shows an increase of \$182,000.00 over the previous year; about \$71,000.00 of this increase is in collections from the aforesaid taxes.

Table 1

Year		1990		1991		1992		1993		1994		1995		1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300		2301		2302		2303		2304		2305		2306		2307		2308		2309		2310		2311		2312		2313		2314		2315		2316		2317		2318		2319		2320		2321		2322		2323		2324		2325		2326		2327		2328		2329		2330		2331		2332		2333		2334		2335		2336		2337		2338		2339		2340		2341		2342		2343		2344		2345		2346		2347		2348		2349		2350		2351		2352		2353		2354		2355		2356		2357		2358		2359		2360		2361		2362		2363		2364		2365		2366		2367		2368		2369		2370		2371		2372		2373		2374		2375		2376		2377		2378		2379		2380		2381		2382		2383		2384		2385		2386		2387		2388		2389		2390		2391		2392		2393		2394		2395		2396		2397		2398		2399		2400		2401		2402		2403		2404		2405		2406		2407		2408		2409		2410		2411		2412		2413		2414		2415		2416		2417		2418		2419		2420		2421		2422		2423		2424		2425		2426		2427		2428		2429		2430		2431		2432		2433		2434		2435		2436		2437		2438		2439		2440		2441		2442		2443		2444		2445		2446		2447		2448		2449		2450		2451		2452		2453		2454		2455		2456		2457		2458		2459		2460		2461		2462		2463		2464		2465		2466		2467		2468		2469		2470		2471		2472		2473		2474		2475		2476		2477		2478		2479		2480		2481		2482		2483		2484		2485		2486		2487		2488		2489		2490		2491		2492		2493		2494		2495		2496		2497		2498		2499		2500		2501		2502		2503		2504		2505		2506		2507		2508		2509		2510		2511		2512		2513		2514		2515		2516		2517		2518		2519		2520		2521		2522		2523		2524		2525		2526		2527		2528		2529		2530		2531		2532		2533		2534		2535		2536		2537		2538		2539		2540		2541		2542		2543		2544		2545		2546		2547		2548		2549		2550		2551		2552		2553		2554		2555		2556		2557		2558		2559		2560		2561		2562		2563		2564		2565		2566		2567		2568		2569		2570		2571		2572		2573		2574		2575		2576		2577		2578		2579		2580		2581		2582		2583		2584		2585		2586		2587		2588		2589		2590		2591		2592		2593		2594		2595		2596		2597		2598		2599		2600		2601		2602		2603		2604		2605		2606		2607		2608		2609		2610		2611		2612		2613		2614		2615		2616		2617		2618		2619		2620		2621		2622		2623		2624		2625		2626		2627		2628		2629		2630		2631		2632		2633		2634		2635		2636		2637		2638		2639		2640		2641		2642		2643		2644		2645		2646		2647		2648		2649		2650		2651		2652		2653		2654		2655		2656		2657		2658		2659		2660		2661		2662		2663		2664		2665		2666		2667		2668		2669		2670		2671		2672		2673		2674		2675		2676		2677		2678		2679		2680		2681		2682		2683		2684		2685		2686		2687		2688		2689		2690		2691		2692		2693		2694		2695		2696		2697		2698		2699		2700		2701		2702		2703		2704		2705		2706		2707		2708		2709		2710		2711		2712		2713		2714		2715		2716		2717		2718		2719		2720		2721		2722		2723		2724		2725		2726		2727		2728		2729		2730		2731		2732		2733		2734		2735		2736		2737		2738		2739		2740		2741		2742		2743		2744		2745		2746		2747		2748		2749		2750		2751		2752		2753		2754		2755		2756		2757		2758		2759		2760		2761		2762		2763		2764		2765		2766		2767		2768		2769		2770		2771		2772		2773		2774		2775		2776		2777		2778		2779		2780		2781		2782		2783		2784		2785		2786		2787		2788		2789		2790		2791		2792		2793		2794		2795		2796		2797		2798		2799		2800		2801		2802		2803		2804		2805		2806		2807		2808		2809		2810		2811		2812		2813		2814		2815		2816		2817		2818		2819		2820		2821		28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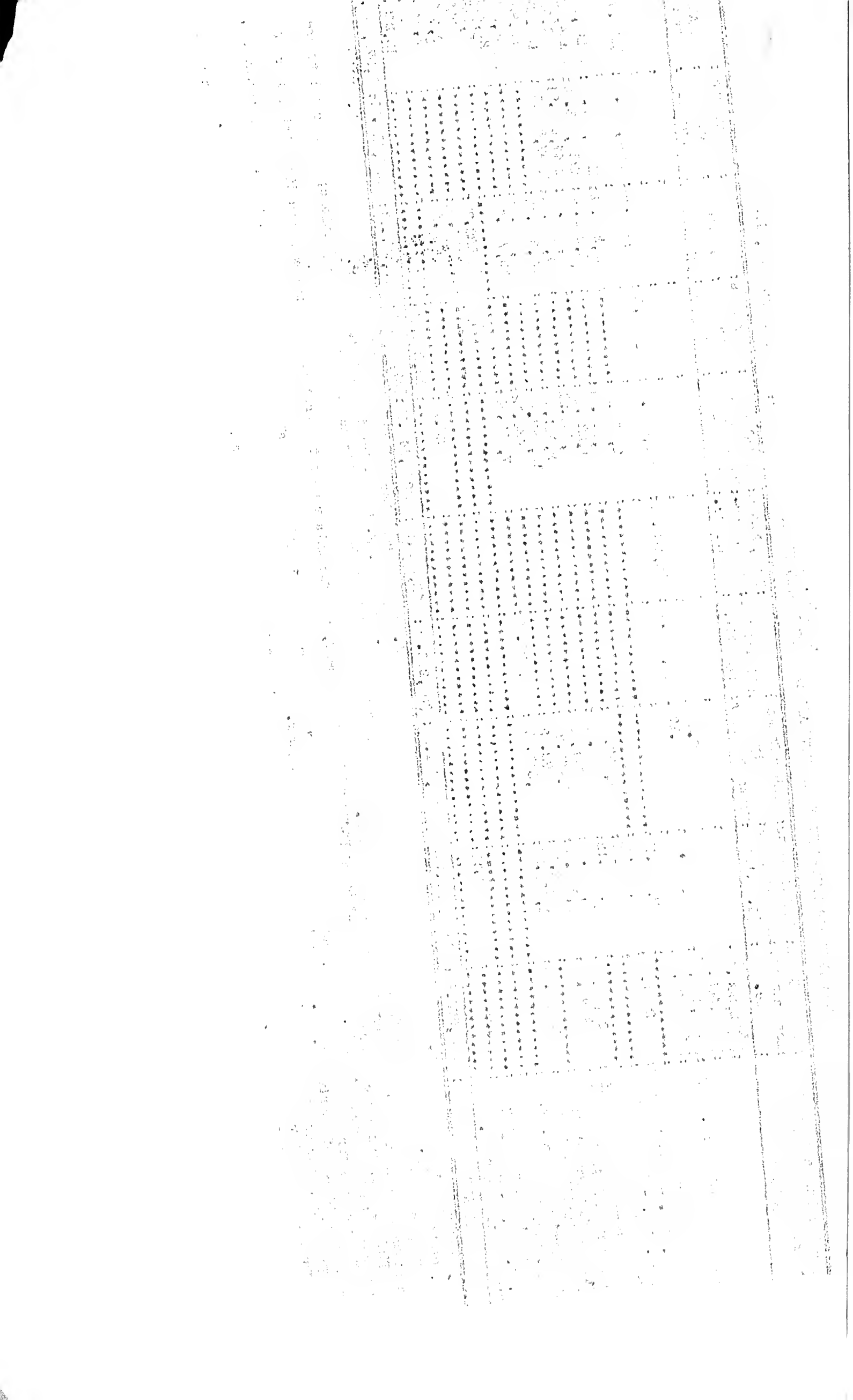


TABLE NO. III

INVESTMENTS MADE DURING FISCAL YEAR JULY 1, 1934, TO JUNE 30, 1935

FUNDS INVESTED	County,		School		State		Millage Warrants :	
	City and Town :	Bonds :	District :	Bonds :	General Fund :	Warrants :	Issued by Units of :	TOTALS
Public Schools Permanent Fund	\$17,500.00:		\$103,400.00:		\$250,000.00:			\$370,900.00
State University Permanent Fund								86,307.96
Agricultural College - Morrill Grant Permanent Fund								113,853.00
Agricultural College - Second Grant Permanent Fund								47,606.91
School of Mines Permanent Fund								97,844.64
State Normal Schools Permanent Fund			1,350.00:					1,350.00
Deaf and Dumb Asylum Permanent Fund			15,000.00:					15,000.00
State Reform School Permanent Fund								
Soldiers' Home Permanent Fund			500.00:					500.00
Montana Trust and Legacy Fund			25,500.00:					25,500.00
TOTALS	\$17,500.00:		\$145,750.00:		\$250,000.00:			\$753,862.51

To find suitable investments for the permanent trust funds under the administration of this department was a difficult problem during the fiscal year ending June 30, 1935. The bonds issued by the political subdivisions of the state during this period were mostly issued to obtain funds for carrying on public works. The Public Works Administration of the United States made outright grants for these projects beginning with 30% of the labor and material required and later on reaching 45% of the total cost. To begin with the Public Works Administration took practically all the bonds. Under Chapter 24, Extra Session of 1933-34, constituting emergency legislation to stimulate public works, it was not necessary to publish any notice of sale when the bonds were sold to agencies of the United States.

Competition from bond dealers for the purchase of municipal bonds was unusually keen, and the interest rates went down accordingly. Up to the 1935 Session of the Legislative Assembly state warrants had afforded a suitable outlet for short term investment for funds of this department; but Chapter 64 of the laws of that session brought these investments to a close. Under this legislation the state depository board may authorize the State Treasurer to invest as much as 25% of the total cash balance on hand at the close of the preceding month in registered warrants of the State of Montana. Subsequent to the approval of this act no state general fund warrant or millage warrants have been available for purchase.

The foregoing statement shows that \$250,000.00 of the funds of this department were invested in state general fund warrants during the first part of the fiscal year and \$345,612.51 were invested in millage warrants of the State University. At the close of the fiscal year not one single dollar remained of these investments.

As a result of these various difficulties in finding satisfactory securities, the investments made during the fiscal year were comparatively small, and the cash balances on hand at the end of the fiscal year were too large as shown by the following statement of permanent assets.

Early in the next fiscal year investments were found for some of these funds through purchase from the Reconstruction Finance Corporation of large amounts of Montana bond issues.

All investments by this department are made under the orders and general supervision of the State Board of Land Commissioners. Bonds purchased are not paid for until the proceedings have received the full approval of the Attorney General as provided by statute.

The service of this department relating to bond issues is not confined to the mere purchase of the bonds; that is a small part of the work. We usually help in the bonding proceedings from the very beginning to the receipt of the executed bonds and the actual payment of the money. We make a close study of bonding proceedings and have prepared numerous forms and blanks for the aid and guidance of school districts, towns, cities and counties issuing bonds. The Attorney General devotes a great deal of painstaking work to the examination of the proceedings for bond issues purchased by this department, and in giving advice in regard to bonding proceedings.

The state has provided for its borrowers the amortization bond, which embodies the best repayment plan that modern finance has been able to devise. Part of the principal is repaid with each semi-annual interest payment; the total paid as interest and as installment on principal REMAINS THE SAME THROUGHOUT THE ENTIRE TERM OF THE BOND, and when the last semi-annual installment is paid, the bond is repaid in full. The amortization plan also saves the taxpayers of the state huge sums in interest and vastly increases the safety of the investment.

TABLE NO. IV
PERMANENT ASSETS JUNE 30, 1935

Institutions and Funds to Which the Assets Belong	Value of	Deferred	S E C U R I T I E S						County, City, :Town & School	Cash With State	TOTALS
			Unsold Lands : at \$10.00	Payments on : Land Sales	Farm : Mortgage	Federal		State : Bonds			
						Land Bank	4% Bonds				
Public Schools Fund	\$45,151,140.10	\$2,796,150.67	\$4,233,866.27	\$989,300.00			\$3,074,000.00	\$5,084,446.48	\$791,009.38	\$62,430,232.40	
State University Fund	186,478.00	43,171.14		49,600.00			310,319.50	267,388.83	94,603.93	721,241.90	
Agri. Col. - Morrill Grant Fund	658,271.40	15,626.97					309,000.00	149,012.56	83,260.57	1,215,171.50	
Agri. Col. - Second Grant Fund	392,883.20	21,388.28						156,978.81	71,919.73	643,170.02	
School of Mines Fund	639,499.70	50,124.34					115,000.00	399,157.43	101,381.44	1,305,162.91	
State Normal Schools Fund	689,591.50	33,650.89					59,000.00	479,746.69	63,430.46	1,325,419.54	
Deaf and Dumb Asylum Fund	370,872.60	15,226.48				49,600.00	35,000.00	123,208.14	25,856.35	619,763.57	
State Reform School	372,788.50	6,278.25						177,340.09	21,163.74	582,970.58	
Capitol Buildings	1,278,822.40	80,508.98					5,400.00		4,499.76	1,363,831.14	
Soldiers' Home Fund	10,567.10	2,219.35						3,812.86	806.63	17,405.94	
Orphans' Home & T. B. Society Fund	650.00	1,294.61								1,944.61	
Veterans' Memorial Fund								28,537.92	7,473.67	36,071.59	
Montana Trust and Legacy Fund								154,690.10	4,910.46	159,600.56	
TOTALS	\$49,751,564.50	\$3,065,639.96	\$4,233,866.27	\$1,088,500.00	\$3,987,719.50	\$7,024,379.91	\$1,270,316.12	\$70,421,986.26			

The permanent assets show an increase of \$1,118,512.46 during the fiscal year. More than \$950,000.00 of this increase arises through additional lands for the public schools. During the years 1926 to 1929 more than 100,000 acres of land were selected in lieu of Sections 16 and 36 which had been lost to the state through settlement, national forest reservations, etc. These selections were not entered on our records until "clear lists" from the United States had been received. During this fiscal year clear listed lands embracing 95,482.23 acres were entered on our records. The annual addition to the Public School Permanent Fund of 5% of the total income is another item of increase; so also proceeds from timber sales, oil, gas and coal royalties. See Table II.

Sales contracts commonly called certificates of purchase are carried among the assets at the aggregate amount of the deferred payments or unpaid balances. Under Chapter 127, Laws of 1935, the state assumes full responsibility for the repayment to the Public School Permanent Fund of the amount invested in farm mortgage loans.

The Federal Land Bank bonds draw interest at the rate of 4% per annum, but were purchased at a small discount. The state bonds are of three different classes, namely: 1. Capitol Building bonds in the sum of \$578,924.50, drawing interest at the rate of 5% per annum and payable from the proceeds of the land grants for buildings at the State Capital. 2. State Educational bonds in the sum of \$334,795.00, issued from 1924 to 1928 for buildings at the various state educational institutions and drawing interest at an average rate of about 4 1/2% per annum; and 3. Funding bonds of May 1, 1933, in the sum of \$3,074,000.00, drawing interest at the rate of 4% per annum and payable serially beginning with January 1, 1941, and terminating with January 1, 1953.

The county, city, town and school district bonds aggregating \$7,024,379.91 as above shown consist of thousands of individual bonds issued during the last twenty years and draw interest at from 4% to 6% per annum. All of these bonds issued subsequent to February 28, 1923, are payable on the amortization plan or serially.

The severe test of the last five or six years has demonstrated that high class bonds are safe investments for the trust funds of the state and yield a steadier income than other assets.

It is not necessary for the state to force the sale of its lands during times of slack demand; and the other permanent assets of the department have survived the depression in a remarkably good condition.

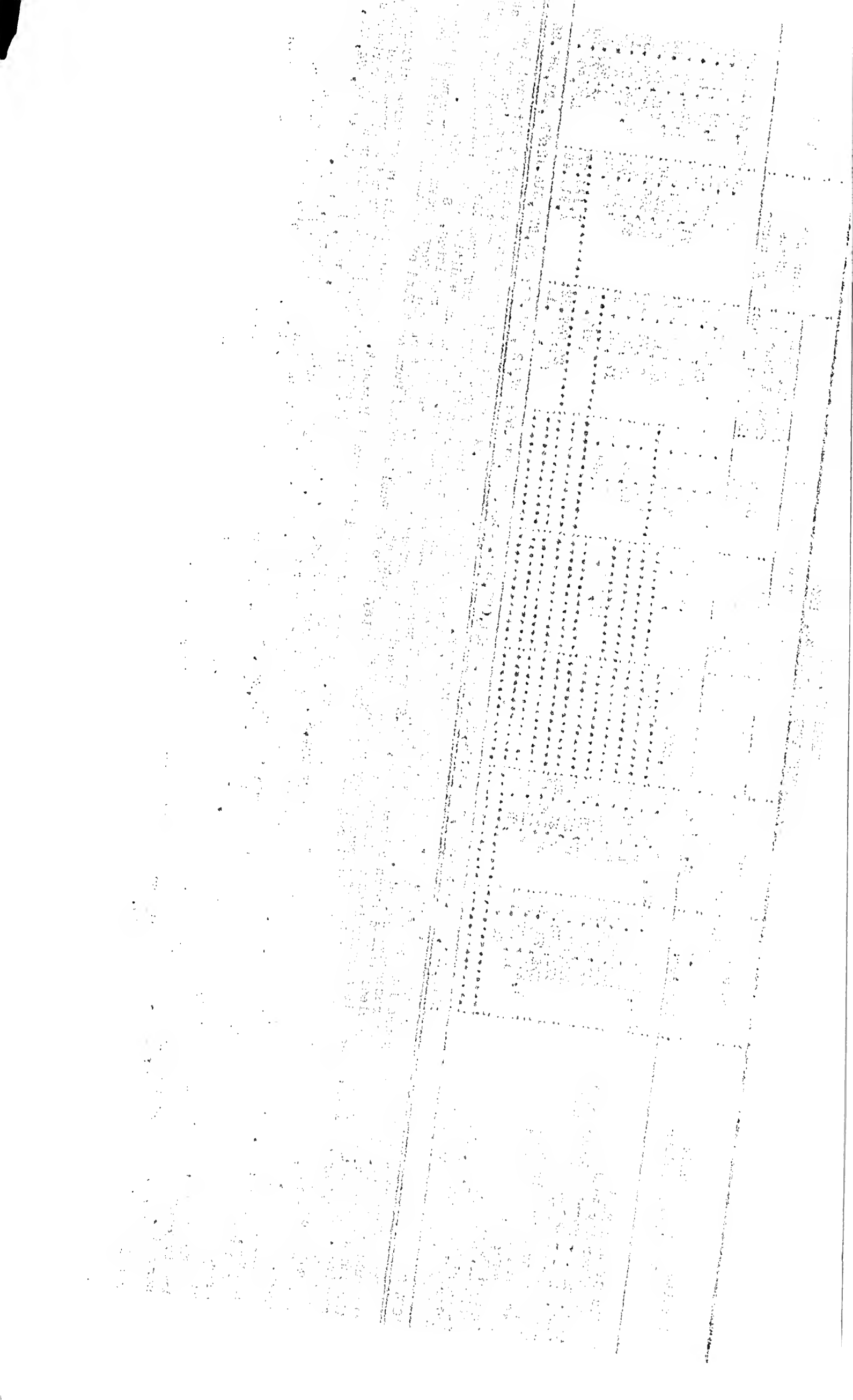


TABLE NO. V

INCOME FROM ALL SOURCES DURING FISCAL YEAR JULY 1, 1935, TO JUNE 30, 1936

Institutions and Permanent Funds to which the Income Belongs	Rentals on : Agricultural and : Grazing Leases:	State Forester	Leases : (C. P.'s.):	Gas Sales : (C. P.'s.):	Land Sales : (C. P.'s.):	Interest on : other Income:	Interest on : Bonds :	Wheat Allotments : Bank :	Interest on : Deposits :	Fees and Penalties :	TOTALS
State General Fund											\$16,049.05
Public Schools	\$271,314.39:	\$3,934.43:	\$35,440.63:	\$110,522.51:	\$10,176.75:		\$456,455.91:	\$22,327.05:	\$4,125.68:		1,050,612.22
State University	1,399.19:	72.00:		816.48:			21,436.09:				23,723.76
Agri. Col. - Morrill Grant	3,812.09:			750.99:			22,522.79:				27,085.87
Agri. Col. - Second Grant	617.15:	1,037.49:		385.64:			9,940.29:				11,980.57
School of Mines	3,142.36:	263.76:		1,855.26:			29,849.41:	1 56.12:			35,166.91
State Normal Schools	2,710.00:	264.47:		1,159.04:			30,132.99:				34,266.50
Deaf and Dumb Asylum	1,356.27:	231.25:		522.50:			5,209.87:				7,319.89
State Reform School	2,062.84:	257.62:		178.12:			7,712.57:				10,211.15
Capitol Buildings	3,770.38:	1,525.96:	403.96:	1,898.71:			256.98:				7,599.01
Soldiers' Home	57.75:						8,543.47:				514.73
Montana Trust and Legacy Fd.							1,651.15:	2 1,476.34:	20.62:		3,148.11
Veterans' Memorial Fund											74.71
O. H. & T. B. Society	10.00:			64.71:							
TOTALS	\$290,252.42:	\$7,586.98:	\$35,844.59:	\$118,153.96:	\$126,491.62:	\$593,711.52:	\$23,859.51:	\$4,146.30:	\$16,049.05:	\$1,236,095.95	

1. Wheat Allotment Payments from United States.

2. Boxing Match Receipts from Counties.

The total income for the fiscal year decreased more than \$31,000.00 below the income for the previous year; but this decrease does not arise from decreased receipts from state lands and investments. It arises mainly through the loss of a percentage of various state taxes which were paid into the school income fund under former statutes. The income for the previous fiscal year included income taxes, inheritance taxes and other taxes exceeding \$100,000.00. Under Section 4, Chapter 175, Laws of 1935, approved March 14, 1935, no part of these taxes will be paid into the public school income fund.

During the preceding fiscal year more than \$20,000.00 was received from interest on state warrants, but not one dollar this year as no such warrants were available. Under Chapter 64, Laws of 1935, "surplus cash" in the office of the State Treasurer may be invested in registered warrants of the State of Montana. This was sufficient to carry all such warrants.

The income from other investments and from land increased sufficiently to reduce the total decrease of income to \$31,603.34.

Another act of the 1935 legislature will reduce the income for the public schools very substantially below the income above indicated. The total income received from farm mortgages amounts to \$146,491.62 as shown above. This may be considered as interest; but under Chapter 127, Laws of 1935, the school funds are to receive only 2% interest on farm loan investments. The total credited as interest during the fiscal year under this legislation is \$84,045.81 - more than \$62,000.00 below the total income. The next apportionment of income through this department, which is to be made in February, 1937, will suffer accordingly. The injustice of fixing this interest rate at only 2% per annum should be corrected by amendment to the act.

Five per centum of the actual income for the public schools is annually added to the permanent fund itself under the provisions of Section 5 of Article XI of the State Constitution. The last addition was \$52,909.23.

TABLE NO. VI

RECEIPTS FOR PERMANENT FUNDS FROM ALL SOURCES DURING FISCAL YEAR, JULY 1, 1935, TO JUNE 30, 1936

Institutions and Permanent Funds to which the Receipts Belong	Land Sales	Installments	Timber Sales	Coal, Sand and Gravel	Oil & Gas Royalties	State Forester	Royalties, Etc.	Payments	Initial	Repayments	Repayments	GRAND TOTALS
	First	on Land Sales	by State	ties	ties	Forester	ties	Payments	on	on	Bonds	
	Payments	(C. P's.)										
	(1) \$63,097.43:	(5) \$134.20:										
	(2) 3,845.16:											
	(3) 52,909.23:											
	(4) 425.06:											
Public Schools Perm. Fund		\$94,235.36:	13,782.49:	\$82,173.41:	\$5,018.54:			\$315,620.88:(8)	\$61,659.81:	\$908,957.46:	\$1,286,238.15	
State University Fund		894.32:						894.32:		40,035.35:	40,929.67	
Agri. Col. - Morrill Grant		1,134.63:						1,494.63:		17,350.10:	18,844.73	
Agri. Col. - Second Grant		15.00:	212.16:			548.05:		775.21:		14,796.57:	15,571.78	
School of Mines Fund	(1) 1,090.00:											
	(2) 628.70:		796.54:			484.00:		2,999.24:		58,303.34:	61,302.58	
State Normal Schools Fund	(1) 40.52:		510.89:			532.94:		1,184.35:		122,151.53:	123,335.88	
Deaf and Dumb Asylum Fund	(2) 40.00:		713.02:			4,165.65:		4,918.67:		19,152.56:	24,071.23	
State Reform School Fund	(1) 167.00:					47.00:						
	(2) 253.60:		1,228.14:			41.26:		1,737.00:		22,332.87:	24,069.87	
Capitol Buildings Fund	(1) 2,089.10:											
	(2) 234.75:		3,435.22:			13,601.80:		22,460.11:			22,460.11	
Soldiers' Home Fund										2,037.74:	2,037.74	
Montana Trust and Legacy Fd.								{6} \$6,906.77:				
								{7} 15,247.19:		46,617.31:	68,771.27	
Veterans' Memorial Fund												
O. H. & T. B. Society Fund			24.34:					24.34:		4,310.79:	4,310.79	
TOTALS		\$125,195.55:	\$103,184.62:	\$33,437.39:	\$85,272.65:	\$27,172.50:	\$374,262.71:	\$61,659.81:	\$1,256,045.62:	\$1,691,968.14		

(1) Land Sales, 1st Payment.

(2) Rights of Way.

(3) 5% Total Income for 1935, Calendar Year.

(4) 5% U. S. Land Sales in Montana.

No part of the receipts for the permanent funds can be expended for the maintenance of the public schools or state institutions; these receipts are constantly being added to the permanent funds themselves. The capitol building fund is an exception; all receipts are expended.

Timber, oil, gas and coal are considered as being parts of the land itself, and for this reason the proceeds from the sale and disposition thereof are added to the permanent funds.

The receipts for the permanent funds, taking into account only "new money" called "initial payments" in the foregoing table, and not the repayments, show an increase of \$96,000.00 over the preceding fiscal year. The total receipts show an increase of more than \$121,000.00.

Payments on timber sales and payments on bonds and warrants are made directly to the State Treasurer; the other collections for the permanent funds are made through this department.

1. The first part of the document is a list of names and addresses. The names are listed in the first column, and the addresses are listed in the second column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

Name		Address		City		State		Zip	
John Doe	123 Main St	John Doe	123 Main St	John Doe	123 Main St	John Doe	123 Main St	John Doe	123 Main St
Jane Smith	456 Elm St	Jane Smith	456 Elm St	Jane Smith	456 Elm St	Jane Smith	456 Elm St	Jane Smith	456 Elm St
Bob Johnson	789 Oak St	Bob Johnson	789 Oak St	Bob Johnson	789 Oak St	Bob Johnson	789 Oak St	Bob Johnson	789 Oak St

The second part of the document is a list of names and addresses. The names are listed in the first column, and the addresses are listed in the second column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

INVESTMENTS MADE DURING FISCAL YEAR JULY 1, 1935, TO JUNE 30, 1936

FUNDS INVESTED	Federal	County	School	TOTALS
	Land Bank Bonds	City and Town Bonds	District Bonds	
Public Schools Permanent Fund	\$250,000.00	\$1,247,455.11	\$293,500.00	\$1,790,955.11
State University Permanent Fund	100,000.00	19,349.37	6,000.00	125,349.37
Agricultural College - Morrill Grant Permanent Fund	75,000.00	24,248.95		99,248.95
Agricultural College - Second Grant Permanent Fund	75,000.00	6,000.00		81,000.00
School of Mines Permanent Fund	100,000.00	20,000.00	37,000.00	157,000.00
State Normal Schools Permanent Fund		107,261.64	35,000.00	142,261.64
Deaf and Dumb Asylum Permanent Fund		19,000.00	22,000.00	41,000.00
State Reform School Permanent Fund		24,000.00	15,000.00	39,000.00
Soldiers' Home Permanent Fund		983.44		983.44
Soldiers' Home Welfare Fund		4,832.70		4,832.70
Montana Trust and Legacy Fund		41,196.63	28,821.20	70,017.83
Veterans' Memorial Fund		3,933.76	4,500.00	8,433.76
TOTALS	\$600,000.00	\$1,518,261.60	\$441,821.20	\$2,560,082.80

The same difficulties have prevailed this year as during the preceding fiscal year in finding suitable investments for the permanent trust funds under the administration of this department. The prevailing price on government and municipal bonds has been the highest in the history of the United States. In other words, the interest rates have been abnormally low. Competition from outside investors for Montana bond issues has been very keen. Some issues of county bonds in this state have sold at an interest rate considerably below 3% per annum.

Notwithstanding these difficulties, investments have been found for more than two and one-half million dollars as above shown. Of these investments \$600,000.00 are consolidated Federal Land Bank bonds. These bonds draw interest at the rate of 3% per annum, payable semi-annually and were purchased at a premium of twenty-five cents per one hundred or a total premium of \$1,500.00. The present price is considerably higher. When cash balances in the permanent funds become too high, investment is made in land bank bonds. They are "instrumentalities of the United States", and are the joint obligations of the twelve land banks in the United States. While these bonds are not direct obligations of the United States, the government will undoubtedly continue to support the Federal Land Banks, being the main agency for furnishing farm loans. In 1932 the government of the United States invested \$125,000,000.00 in additional capital stock of the twelve Federal Land Banks - more than one-half of their present outstanding stock.

Nearly \$2,000,000.00 was invested during the year in county, city, town and school district bonds consisting of forty-two separate issues, or parts of issues, ranging in amount from \$2,500.00 to \$520,000.00. The Public Works Administration of the United States has continued its policy of making a grant of 45% for public works projects and to make money available for the remaining 55% through 4% bonds. In the case of bonds that can lawfully be purchased as investments for the trust funds of this department, the Public Works Administration has uniformly permitted this department to purchase the bonds. Splendid cooperation has been received from the Public Works Administration for Montana with its headquarters at Helena.

Through the Reconstruction Finance Corporation, Washington, D. C., more than \$430,000.00 in such bonds originally purchased by the Public Works Administration have been repurchased by this department during the fiscal year at par and accrued interest. This amount is included in the totals above given. All investments by this department are made under the orders and general supervision of the State Board of Land Commissioners. Bonds purchased are not paid for until the proceedings have received the full approval of the Attorney General as provided by statute.

The service of this department relating to bond issues is not confined to the mere purchase of the bonds; that is a small part of the work. We usually help in the bonding proceedings from the very beginning to the receipt of the executed bonds and the actual payment of the money. The Attorney General de-votes a great deal of painstaking work to the examination of the proceedings for bond issues purchased by this department, and in giving advice concerning these proceedings.

The state has provided for its borrowers the amortization bond, which embodies the best repayment plan that modern finance has been able to devise. Part of the principal is repaid with each semi-annual interest payment; the total paid as interest and as installment on principal REMAINS THE SAME THROUGH-OUT THE ENTIRE TERM OF THE BOND, and when the last semi-annual installment is paid, the bond is repaid in full. The amortization plan also saves the tax-payers of the state huge sums in interest and vastly increases the safety of the investment.

TABLE NO. VIII
PERMANENT ASSETS JUNE 30, 1936

Institutions and Funds to Which the Assets Belong	Value of Unsold Lands at \$10.00 Per Acre	Deferred Payments on Land Sales (C. P's.)	S E C U R I T I E S					County, City, Town & School District Bonds	Cash With State Treasurer	TOTALS
			Farm	Federal	Land Bank	State	Bonds			
			Mortgage	Loans	Bonds	Bonds	Bonds			
Public Schools Fund	\$45,022.88	\$2,805.66	\$4,191.35	\$1,141.80		\$3,074.00		\$5,816.69	\$317,524.48	\$62,677,491.62
State University Fund	186,478.00	42,276.82				307,572.00		252,702.85	10,184.23	721,241.90
Agri. Col. - Morrill Grant Fund	656,271.40	16,585.67				80,000.00		155,911.41	2,856.35	1,215,624.83
Agri. Col. - Second Grant Fund	394,483.20	20,031.30				309,000.00		148,182.24	6,491.51	644,188.25
School of Mines Fund	631,099.70	60,858.72						397,854.09	5,684.02	1,310,496.53
State Normal Schools Fund	692,605.90	30,380.54				115,000.00		499,856.80	44,504.70	1,326,947.94
Deaf and Dumb Asylum Fund	370,472.60	14,085.06				59,000.00		145,055.58	8,927.58	623,140.82
State Reform School Fund	371,171.50	6,667.11				35,000.00		194,007.22	6,233.61	583,479.44
Capitol Buildings Fund	1,282,765.40	75,690.68				5,400.00			2,201.40	1,360,657.68
Soldiers' Home Fund	12,756.10							2,758.55	1,860.93	17,375.59
Orphans' Home & T. B. Society Fund	650.00	1,270.27							5.00	1,925.27
Veterans' Memorial Fund								32,720.89	5,959.95	38,680.84
Montana Trust and Legacy Fund								* 182,923.32	3,168.54	186,091.86
TOTALS	\$49,621,636.10	\$3,074,115.25	\$4,191,352.33	\$1,591,000.00	\$3,984,972.00	\$7,828,664.59		\$415,602.30	\$470,707,342.57	

* Soldiers' Home Welfare Fund amounting to \$4,832.70 included.

The total permanent assets under the administration of this department as carried on our records show an increase of more than \$285,000.00 during the fiscal year. This increase is made up principally of the following items, given in round figures: Gain on land sale above \$10.00 per acre at which the unsold lands are carried and receipts from rights of way, \$44,000.00; 5% on income for the public schools during the 1935 calendar year, \$53,000.00; timber sales by State Forester, \$33,500.00; royalties on oil, gas, coal, etc., \$87,000.00; net additions to Montana Trust and Legacy Fund, \$26,500.00; additions to Veterans' Memorial Fund, \$2,500.00; net gain to total assets resulting from paying only 2% to the public schools on state farm loan investments, \$43,000.00. A loss of more than \$7,700.00 was sustained on cancelled purchase contracts, being the difference between the amount at which the purchase contracts were carried and \$10.00 per acre. This loss and some other changes resulted in a total net increase in assets of a little above \$285,000.00.

Sales contracts or certificates of purchase are carried among the assets at the aggregate amount of the deferred payments or unpaid balances. Under Chapter 127, Laws of 1935, the state assumes full responsibility for the repayment to the Public School Permanent Fund of the amount invested in farm mortgage loans.

Six Hundred Thousand Dollars of the Federal Land Bank bonds draw interest at the rate of 3% per annum, the remainder draw interest at 4% per annum. The state bonds are of three different classes, namely: 1. Capitol Building bonds in the sum of \$576,177.00, drawing interest at the rate of 5% per annum and payable from the proceeds of the land grants for buildings at the State Capital. 2. State Educational bonds in the sum of \$334,795.00, issued from 1924 to 1928 for buildings at the various state educational institutions and drawing interest at an average rate of about 4 1/2% per annum; and 3. Funding bonds of May 1, 1933, in the sum of \$3,074,000.00, drawing interest at the rate of 4% per annum and payable serially beginning with January 1, 1941, and terminating with January 1, 1953.

The county, city, town and school district bonds aggregating \$7,828,664.59 as shown above consist of thousands of individual bonds issued during the last twenty years and draw interest at from 3 1/4% to 6% per annum. All of these bonds issued subsequent to February 28, 1923, are payable on the amortization plan or serially.

Very few of the bonds constituting these millions of dollars are delinquent in payment. On the basis of prices on municipal bonds now prevailing, these bonds are worth a great deal more than the par value at which they are carried among the assets.

TABLE NO. IX

TOTAL GROSS INCOME OF THE DEPARTMENT, 1928-1936
CLASSIFIED AS TO SOURCE

Source	Year Ending : June 30, 1928	Year Ending : June 30, 1929	Year Ending : June 30, 1930	Year Ending : June 30, 1931	Year Ending : June 30, 1932	Year Ending : June 30, 1933	Year Ending : June 30, 1934	Year Ending : June 30, 1935	Year Ending : June 30, 1936
Fees and Penalties	\$ 12,560.53	\$ 10,276.12	\$ 21,589.26	\$ 22,073.45	\$ 15,175.12	\$ 10,760.17	\$ 16,591.86	\$ 23,142.21	\$ 16,049.05
Rentals on Agricultural and Grazing Leases	427,057.38	423,087.71	397,652.14	312,035.53	211,083.94	176,002.68	227,614.43	233,544.38	290,252.42
Oil and Gas Lease Rentals	92,849.78	56,147.89	93,279.04	59,049.36	34,093.94	23,671.21	31,924.77	27,929.97	35,844.59
Interest on Land Sales (C. P.'s)	299,537.57	303,664.34	220,434.94	170,812.12	80,879.70	62,950.90	92,234.95	117,919.99	118,153.96
Interest and Other Income from Farm Mortgages	263,436.78	244,809.59	172,155.48	110,247.29	58,508.50	57,620.48	**100,600.06	**130,295.98	**146,491.62
Interest on Bonds	439,062.66	467,181.11	559,243.76	513,383.41	486,201.62	464,699.11	538,609.13	571,075.25	593,711.52
Interest on State General Fund Warrants	26,797.67	58,060.11	44,232.93	82,331.90	107,055.30	178,801.66	2,515.07	16,873.86	.....
Interest on Bank Deposits	14,866.59	19,007.85	21,212.84	36,097.88	20,519.86	7,790.08	13,143.88	7,071.55	4,146.30
Miscellaneous Receipts*	.....	.....	.....	.....	.....	374.79	47,167.67	127,442.62	23,859.51
Grazing Fees Collected by State Forester	7,316.82	6,344.87	7,164.24	8,333.68	6,487.18	8,516.91	6,724.94	8,563.12	7,586.98
Interest on University Millage Warrants	.....	.....	.....	.....	.....	1,708.99	8,207.44	3,840.86	.....
TOTALS	\$1,583,485.78	\$1,588,579.59	\$1,536,964.63	\$1,314,364.67	\$1,020,005.16	\$ 992,896.98	\$1,085,334.20	\$1,267,699.79	\$1,236,095.95

* MISCELLANEOUS RECEIPTS IN DETAIL

Source	Year Ending : June 30, 1933	Year Ending : June 30, 1934	Year Ending : June 30, 1935	Year Ending : June 30, 1936
:Boxing Match Receipts from Counties	\$374.79	\$680.10	\$1,430.81	\$1,476.34
:Income Tax	.....	26,885.26	19,379.26	.....
:Inheritance Tax	.....	3,548.32	80,405.87	.....
:Wheat Allotment Receipts (Not Including Farm Mortgages)	.....	16,053.99	24,449.65	22,383.17
:Electricity Tax	.....	.....	1,578.74	.....
:Telegraph Tax	.....	.....	53.04	.....
:Agri. Experimental Station	.....	.....	145.25	.....
:TOTALS	\$374.79	\$47,167.67	\$127,442.62	\$23,359.51

It will be noted that for the last fiscal year the interest on bonds reached nearly \$600,000.00 - not so far from one-half of the entire income.

The total interest collections from all sources amounted to \$852,326.65 or approximately 69% of the total income.

** In addition to the wheat allotment receipts included in "Miscellaneous Receipts" the following additional wheat allotment receipts are included in "Interest and Other Income from Farm Mortgages" : \$6,798.10 : \$10,326.59 : \$10,176.75



TABLE NO. X

TOTAL RECEIPTS FOR THE PERMANENT FUNDS, 1928-1936
(Not Including Repayments)

CLASSIFIED AS TO SOURCE

Source	Year Ending : June 30, 1928	Year Ending : June 30, 1929	Year Ending : June 30, 1930	Year Ending : June 30, 1931	Year Ending : June 30, 1932	Year Ending : June 30, 1933	Year Ending : June 30, 1934	Year Ending : June 30, 1935	Year Ending : June 30, 1936
Land Sales, First Payment	\$57,677.66	\$172,834.42	\$45,533.24	\$1,986.00	\$1,929.40	\$2,688.83	\$1,665.00	\$66,844.05	
Rights of Way			6,663.92	8,897.84	9,120.50	4,897.15	4,600.00	5,017.21	
5% of Total Annual Income for									
Public Schools	61,695.53	67,445.19	71,348.68	57,192.39	43,934.69	37,206.68	52,285.69	52,909.23	
5% U. S. Land Sales in Montana		572.78	842.39	1,310.29	1,059.26	949.40	22.95	425.06	
Installments on Land Sales									
(C. P.'s)	267,674.41	254,165.00	238,622.59	138,077.60	75,952.45	59,421.81	78,070.10	103,184.62	
Timber Sales by State Forester	83,393.37	75,951.59	65,145.68	32,294.83	49,654.64	28,681.12	37,138.95	33,437.39	
Oil and Gas Royalties	155,689.97	138,806.57	150,471.53	61,477.33	61,331.76	33,701.30	44,289.94	85,272.65	
Coal, Sand & Gravel Royalties,									
Etc.	2,549.45	2,033.90	1,810.23	1,652.41	2,555.00	1,880.51	2,432.19	27,172.50	
Escheated Estates	75,000.00								
Insurance Fees Collected by									
State Auditor	111.00								
TOTALS	\$703,791.39	\$711,409.45	\$580,438.26	\$302,888.69	\$245,537.70	\$165,628.19	\$211,827.63	\$278,148.25	\$374,262.71

* Includes payments for rights of way.

It should be noted that this table does not include repayments of any kind. It applies only to what we may term "new money". The repayment of large blocks of warrants and bonds are governed by such various circumstances that they do not furnish a good indication of economic conditions. For this reason payments of this kind are not included in Table No. X. For a complete statement of receipts for the permanent funds during the two last fiscal years see Table No. II and Table No. VI.

The figures of Table No. X furnish the same indications of economic changes as Table No. IX dealing with the income. With the exception of oil and gas royalties, the total receipts of "new money" for the permanent funds reached the summit in 1929; descended to the lowest level in 1933, and show substantial increases for subsequent years.

TABLE NO. XI

COMPARISON OF PERMANENT ASSETS -- 1928-1936

Kind of Asset	Year Ending : June 30, 1928	Year Ending : June 30, 1929	Year Ending : June 30, 1930	Year Ending : June 30, 1931	Year Ending : June 30, 1932	Year Ending : June 30, 1933	Year Ending : June 30, 1934	Year Ending : June 30, 1935	Year Ending : June 30, 1936
Value of Unsold Lands at \$10.00 per acre	\$46,933,199.60	\$45,810,300.10	\$45,749,730.20	\$46,148,948.35	\$46,835,047.60	\$46,964,407.80	\$48,594,104.90	\$49,751,564.50	\$49,621,636.10
Deferred Payments on Land Sales (C. P.'s)	6,212,092.31	7,345,414.75	7,242,104.89	6,530,273.79	5,621,911.96	5,409,650.33	3,393,197.69	3,065,639.96	3,074,115.25
Farm Mortgage Loans	4,433,894.77	4,342,179.76	4,301,561.94	4,270,942.18	4,273,807.34	4,231,631.32	4,270,562.27	4,233,866.27	4,191,352.33
Federal Land Bank Bonds	3,031,000.00	3,031,000.00	2,031,000.00	1,088,500.00	1,088,500.00	1,088,500.00	1,088,500.00	1,088,500.00	1,591,000.00
State Bonds	965,907.75	940,213.75	925,047.50	925,047.50	917,951.25	3,990,308.75	3,988,599.75	3,987,719.50	3,984,972.00
County, City, Town and School District Bonds	5,073,526.61	6,081,155.18	6,478,811.88	7,626,216.25	7,809,073.91	7,372,826.06	7,519,479.57	7,024,379.91	7,828,664.59
State General Fund Warrants	1,068,320.57	981,812.53	1,624,699.26	2,172,115.85	2,592,306.73	* 84,251.28			
Cash with State									
Treasurer	508,843.79	370,797.03	1,014,229.88	606,015.09	233,972.17	280,150.25	449,029.62	1,270,316.12	415,602.30
TOTALS	\$68,226,785.40	\$68,902,873.10	\$69,367,185.55	\$69,368,059.01	\$69,400,923.68	\$69,471,725.79	\$69,303,473.80	\$70,421,986.26	\$70,707,342.57

* State Millage Fund Warrants Issued by Units of State University.

Note the encouraging growth from 1928 to 1936 of nearly two and one-half million dollars.

Continued from Page 9

Date		Description		Amount		Balance	
10/1/58		Check #1234	100.00			100.00	
10/2/58		Check #1235	50.00			150.00	
10/3/58		Check #1236	75.00			225.00	
10/4/58		Check #1237	25.00			250.00	
10/5/58		Check #1238	100.00			350.00	
10/6/58		Check #1239	50.00			400.00	
10/7/58		Check #1240	75.00			475.00	
10/8/58		Check #1241	25.00			500.00	
10/9/58		Check #1242	100.00			600.00	
10/10/58		Check #1243	50.00			650.00	
10/11/58		Check #1244	75.00			725.00	
10/12/58		Check #1245	25.00			750.00	
10/13/58		Check #1246	100.00			850.00	
10/14/58		Check #1247	50.00			900.00	
10/15/58		Check #1248	75.00			975.00	
10/16/58		Check #1249	25.00			1000.00	
10/17/58		Check #1250	100.00			1100.00	
10/18/58		Check #1251	50.00			1150.00	
10/19/58		Check #1252	75.00			1225.00	
10/20/58		Check #1253	25.00			1250.00	
10/21/58		Check #1254	100.00			1350.00	
10/22/58		Check #1255	50.00			1400.00	
10/23/58		Check #1256	75.00			1475.00	
10/24/58		Check #1257	25.00			1500.00	
10/25/58		Check #1258	100.00			1600.00	
10/26/58		Check #1259	50.00			1650.00	
10/27/58		Check #1260	75.00			1725.00	
10/28/58		Check #1261	25.00			1750.00	
10/29/58		Check #1262	100.00			1850.00	
10/30/58		Check #1263	50.00			1900.00	
10/31/58		Check #1264	75.00			1975.00	
11/1/58		Check #1265	25.00			2000.00	
11/2/58		Check #1266	100.00			2100.00	
11/3/58		Check #1267	50.00			2150.00	
11/4/58		Check #1268	75.00			2225.00	
11/5/58		Check #1269	25.00			2250.00	
11/6/58		Check #1270	100.00			2350.00	
11/7/58		Check #1271	50.00			2400.00	
11/8/58		Check #1272	75.00			2475.00	
11/9/58		Check #1273	25.00			2500.00	
11/10/58		Check #1274	100.00			2600.00	
11/11/58		Check #1275	50.00			2650.00	
11/12/58		Check #1276	75.00			2725.00	
11/13/58		Check #1277	25.00			2750.00	
11/14/58		Check #1278	100.00			2850.00	
11/15/58		Check #1279	50.00			2900.00	
11/16/58		Check #1280	75.00			2975.00	
11/17/58		Check #1281	25.00			3000.00	
11/18/58		Check #1282	100.00			3100.00	
11/19/58		Check #1283	50.00			3150.00	
11/20/58		Check #1284	75.00			3225.00	
11/21/58		Check #1285	25.00			3250.00	
11/22/58		Check #1286	100.00			3350.00	
11/23/58		Check #1287	50.00			3400.00	
11/24/58		Check #1288	75.00			3475.00	
11/25/58		Check #1289	25.00			3500.00	
11/26/58		Check #1290	100.00			3600.00	
11/27/58		Check #1291	50.00			3650.00	
11/28/58		Check #1292	75.00			3725.00	
11/29/58		Check #1293	25.00			3750.00	
11/30/58		Check #1294	100.00			3850.00	
11/31/58		Check #1295	50.00			3900.00	

Continued from Page 9

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Table No. XI shows that there has been an encouraging growth of nearly two and one-half million dollars in the total permanent assets during the last nine years. It also shows that there have not been any violent fluctuations in the figures representing the permanent assets. Approximately seventy per centum of the total permanent assets is represented by unsold lands; and as these lands have been carried at the uniform average price of \$10.00 per acre from year to year, this has tended toward a somewhat constant total.

The sale of state lands at a higher price than \$10.00 per acre will result in a net increase in the total assets as carried on our records.

The receipts from timber sales and from oil, gas and coal royalties are constantly added to the permanent funds of the institutions to which the lands belong, without a corresponding deduction from the value of the lands from which they are taken; the lands are still carried at \$10.00 per acre. These items are a constant source of increase in the funds. During the last fiscal year \$3,099.24 in oil royalties were received for the Capital Building Grant, but in the case of this grant all receipts are expended. No permanent fund is created. No oil in commercial quantities has been discovered outside of lands belonging to the public schools except the small quantity found in lands belonging to the Capital Building Grant. If oil in commercial quantities is discovered in any other lands, the institutions and funds to which they belong will receive the full benefit. See Tables Nos. II, VI and X for detailed information on receipts from these various sources.

Two entirely new funds not arising from federal land grants have been accumulated since 1929, namely the Veterans' Memorial Fund and the Montana Trust and Legacy Fund. On June 30, 1936, they accounted for more than \$224,000.00 of the permanent assets. See Table No. VIII.

SPECIAL SOURCE OF INCREASE FOR THE PUBLIC SCHOOL PERMANENT FUND

An amendment to Section 5 of Article XI of the State Constitution, of which amendment the present commissioner is the author, is a source of substantial additions to the Public School Permanent Fund. This amendment was passed by the State Legislature in 1919 (House Bill No. 182), approved by the vote of the people at the election in November, 1920, and became effective as part of the constitution under the Governor's proclamation of December 6, 1920. This amendment provides among other things that five per centum of the total income for the public school funds shall annually be added to the permanent fund itself and "become and forever remain an inseparable and inviolable part thereof".

The additions that have been made to the Public School Permanent Fund under this amendment are as follows:

March 1921	7,442.22
March 1922	41,253.83
March 1923	49,314.52
March 1924	46,967.18
March 1925	43,063.93
March 1926	53,275.11
February 1927	68,259.05
February 1928	61,695.53
April 1929	67,045.19
March 1930	71,348.68
April 1931	57,192.39
April 1932	43,934.62
March 1933	37,206.68
February 1934	41,632.83
January 1935	52,285.69
January 1936	52,909.23
TOTAL	\$794,826.75

As this addition is a certain percentage of the total income per year, the annual addition will increase as the income itself increases. It will thus be seen that it is an important source in the perpetual growth of the Public School Permanent Fund.

Before this amendment to the constitution was adopted, all interest on school funds deposited in banks went into the State General Fund. Table No. IX indicates that the interest on these deposits amounted to very substantial sums.

Before this amendment became effective all the operating expenses of the State Land

Department were paid from the income. Under the specific terms of this amendment no part of the income can be used for operating expenses. This has naturally resulted in substantial increases of income for the schools and educational institutions of the state realized through this department.

The provision for adding 5% of the annual income to the Public School Permanent Fund is reflected in the amendment to the Enabling Act approved by the President on May 7, 1932, (47 Stat. 150). The language used is as follows: "Any State may, however, in its discretion, add a portion of the annual income to the permanent funds."

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THE VARIOUS CLASSES OF PERMANENT ASSETS - EXAMINATION OF VALUES.

(Total of all Assets June 30, 1936, \$70,707,342.57. See Table No. VIII and Table No. XI.)

1. Unsold Lands - \$49,621,636.10

Up to May 7, 1932, the minimum sales price on state lands under the Enabling Act was \$10.00 per acre. On that date the President of the United States signed an act of Congress fixing the price of \$5.00 per acre as the minimum sales price on lands principally valuable for grazing purposes, as already told in this report. (47 Stat. 150.) The minimum sales price on agricultural lands was retained at the original figure of \$10.00 per acre. Notwithstanding this change in the Enabling Act, we have continued to carry the state's unsold lands at the average price of \$10.00 per acre. As these lands at the present time constitute approximately seventy per centum of the total permanent assets, it is of special interest to endeavor to ascertain if they are really worth this average price of \$10.00 per acre.

The average sales price on all state lands so far sold is approximately \$15.46 per acre; but no doubt the more valuable lands were sold first. The change in the Enabling Act permitting grazing lands to be sold at \$5.00 per acre will no doubt result in the sale of considerable areas of this class of land at this price and this will bring down the average.

The proceeds from timber sales and the royalties on coal, oil and gas and on other minerals will to some extent offset the decreased average price on agricultural and grazing lands which may be expected in the future.

The fact that state lands are not subject to taxation add very materially to the sales price that may be obtained and to their actual value. It is likely to take more than a hundred years before all of these lands are sold, and no one is wise enough to forecast the developments in agriculture, industry and finance that will take place during this long period. The sales price of land will naturally vary with these developments. The average price of \$10.00 per acre is a very convenient figure, and no sufficient reason appears for making a change at the present time.

For detailed information in regard to the distribution of the unsold lands throughout the fifty-six counties of the state, please turn to Table XII.

2. Deferred Payments on Land Sales
(Certificates of Purchase)
(\$3,074,115.25)

This class of assets is carried at the exact amount remaining unpaid on the sales contracts, or certificates of purchase as they are usually called, not considering accrued interest. Our State lands have at all times been sold on some kind of a deferred payment plan, except in the few cases where the purchaser has made full payment at the time of sale. Under present statutes, the purchaser is only required to pay about ten per centum at the time of sale. The balance of the purchase price draws interest at the rate of five per centum per annum and is payable on the amortization plan through a period of thirty-three years.

The annual interest added to the annual installment on principal comes to six and one-quarter per centum of the sales price after deducting the payment made at the time of sale. This will pay the entire purchase price during the thirty-three year period. The deferred payment plan results in a far greater number of sales, but it also results in default in payments in a great number of cases bringing about cancellation of the contracts. However, the present amortization plan of payment is very helpful to the purchaser and considered in all its bearings it is not far from ideal. It would probably be better to have the payments made semi-annually.

On account of the continuation of the drought and the resulting deplorable conditions in agriculture and the livestock business, a great number of purchase contracts have been cancelled. Usually the purchasers have surrendered their contracts for cancellation and have taken the land under lease. The following tabulations give full information in regard to the cancellation of certificates during the two year period covered by this report:

CERTIFICATES OF PURCHASE CANCELLED
July 1, 1934, to June 30, 1935

Kind of Certificate	Number	Acreage	Balance of Principal Unpaid
20 Year Certificates	4	758.00	\$3,292.00
Converted Amortization Certificates	96	16,030.02	158,221.19
New 33 Year Amortization Certificates	34	5,782.31	72,754.45
Totals	134	22,570.33	\$234,267.64

The final approval of the cancellation of these certificates was given by the State Board of Land Commissioners on December 19, 1934, page 1114 of proceedings and on December 28, 1935, page 1208 of proceedings.

CERTIFICATES OF PURCHASE CANCELLED
July 1, 1935, to June 30, 1936

<u>Kind of Certificate</u>	<u>Number</u>	<u>Acreage</u>	<u>Balance of Principal Unpaid</u>
20 Year Certificates	4	244.69	\$1,608.08
Converted Amortization Certificates	42	9,829.66	88,980.42
New 33 Year Amortization Certificates	<u>28</u>	<u>5,339.76</u>	<u>71,201.83</u>
Totals	74	15,414.11	\$161,791.23

The final approval of the cancellation of these certificates was given by the State Board of Land Commissioners on December 28, 1935, page 1208 of proceedings, and on August 4, 1936, page 1290 of proceedings.

CONSOLIDATED STATEMENT OF CERTIFICATES CANCELLED FOR THE
TWO YEAR PERIOD

<u>Kind of Certificate</u>	<u>Number</u>	<u>Acreage</u>	<u>Balance of Principal Unpaid</u>
20 Year Certificates	8	1,002.69	\$4,900.98
Converted Amortization Certificates	138	25,859.68	247,201.61
New 33 Year Amortization Certificates	<u>62</u>	<u>11,122.07</u>	<u>143,956.28</u>
Totals	208	37,984.44	\$396,058.87

3. Farm Mortgage Loans
(\$4,191,352.33)

During the years 1917 to 1924, both inclusive, the State Board of Land Commissioners made a total of 2,363 farm mortgage loans from the Public School Permanent Fund in the aggregate amount of \$4,648,750.00. The loans were made in accordance with statutes then in full force and effect, drew interest at the rate of 6% per annum, and were to be repaid in full in not to exceed ten years from the dates that they were made. Not one single loan has been made since December 1924. On June 30, 1936, long after all of these farm loans should have been repaid in full, more than \$4,191,000.00 of this investment remained unpaid; and this did not include the huge amounts of accrued and delinquent interest. This alone is a melancholy commentary on the unexpected and unforeseen results of this business venture.

A plan for the repayment of the money invested in these loans to the Public School Permanent Fund was suggested in the reports of this department for the years 1928, 1930, 1932 and 1934. The Public School Permanent Fund from which all of these loans were made is guaranteed by Section 3 of Article XI of the State Constitution against "loss or diversion". The plan suggested endeavored to make this guarantee a reality. In 1935 the Legislative Assembly enacted Chapter 127 in substantial accord with these recommendations. Under this legislation the state recognizes its liability for preserving the public school fund inviolate and promises to repay the full amount with interest.

Substantial losses will be sustained on these investments by the state, but under this legislation the Public School Permanent Fund will eventually be repaid in full. We are therefore justified in carrying this huge investment at its full face value.

For full information in regard to the status of these loans see Table No. XIII and the notes following.

4. Bonds

Federal Land Bank Bonds	\$ 1,591,000.00
State Bonds	3,384,972.00
County, City, Town and School District Bonds	7,823,664.59
Total	\$13,404,636.59

Federal Land Bank bonds are not direct obligations of the government of the United States, but the government is very closely connected with the Federal Land Banks in various ways. On February 29, 1936, the combined capital stock of all the twelve Federal Land Banks was given as \$235,639,087.50 of which the United States government had subscribed slightly over one-half or \$121,912,630.00. In March

MEMORANDUM FOR THE RECORD

DATE	TIME	LOCATION	PERSONS PRESENT	SUBJECT
10-1-55	10:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]
10-1-55	11:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]
10-1-55	12:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]
10-1-55	13:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]

On 10-1-55, a meeting was held in Room 101, at which time the following matters were discussed:

1. [Topic]

2. [Topic]

DATE	TIME	LOCATION	PERSONS PRESENT	SUBJECT
10-2-55	10:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]
10-2-55	11:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]
10-2-55	12:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]
10-2-55	13:00	Room 101	Mr. [Name], Mr. [Name]	Discussion of [Topic]

On 10-2-55, a meeting was held in Room 101, at which time the following matters were discussed:

1. [Topic]

2. [Topic]

3. [Topic]

4. [Topic]

5. [Topic]

On 10-3-55, a meeting was held in Room 101, at which time the following matters were discussed:

1. [Topic]

2. [Topic]

3. [Topic]

4. [Topic]

5. [Topic]

On 10-4-55, a meeting was held in Room 101, at which time the following matters were discussed:

1. [Topic]

2. [Topic]

3. [Topic]

4. [Topic]

5. [Topic]

On 10-5-55, a meeting was held in Room 101, at which time the following matters were discussed:

1. [Topic]

2. [Topic]

3. [Topic]

4. [Topic]

5. [Topic]

On 10-6-55, a meeting was held in Room 101, at which time the following matters were discussed:

1. [Topic]

2. [Topic]

3. [Topic]

4. [Topic]

5. [Topic]

1936, various agencies of the government of the United States had invested trust funds and other funds under their control aggregating more than \$157,000,000.00 in Federal Land Bank bonds. In addition to this more than \$23,000,000.00 in Federal Land Bank bonds were deposited with the Treasury Department as security for Postal Savings Deposits.

It appears therefore that Federal Land Bank bonds are just about as safe as the government of the United States.

State bonds, in which this department has invested nearly \$4,000,000.00, will be discussed at length below under the heading "Additional Information in Regard to State Bonds Held by This Department".

The county, city, town and school district bonds aggregating \$7,828,664.59 consist of thousands of separate bonds issued during the last 20 years and draw interest at from $3\frac{1}{4}\%$ to 6% per annum, payable semi-annually. All of these bonds issued subsequent to February 28, 1923, are payable on the amortization plan or serially, and this circumstance vastly improves the safety of the investment. Considering the huge amounts invested, the total of all delinquencies on July 1, 1936, was negligible.

5. Cash Balances (\$415,602.30)

The cash balances in the various permanent funds aggregating \$415,602.30 are in the custody of the State Treasurer and are deposited in the various depositories designated for the deposit of other state funds. These permanent funds so deposited are protected against loss through surety company bonds or by the deposit with the State Treasurer of various securities prescribed by law in the same manner and to the same extent as other funds in his custody.

All cash balances belonging to the various income funds are likewise in the custody of the State Treasurer and enjoy the same protection against loss as the permanent funds.

Additional Information In Regard to State Bonds Held by This Department

On account of the large investments made by this department in various kinds of bonds issued by the State of Montana, it appears appropriate to give some additional information in regard to these bonds showing when and for what purposes they were issued, the rate of interest they bear, the time when they become due, the provisions made for their repayment, and so forth. For the sake of greater clarity, these bonds will be discussed in the order in which they were issued as follows: (a) Capitol Building Bonds, (b) Educational Bonds and (c) Funding Bonds.

(A) CAPITOL BUILDING BONDS HELD BY THIS DEPARTMENT ON JUNE 30, 1936

<u>Series</u>	<u>Amount</u>	<u>Total Balance of Each Issue</u>	<u>Held by What Fund or Institution</u>	<u>Date of Issue</u>	<u>When Due</u>	<u>Interest</u>
2nd Issue	\$35,000.00		Public School			
" "	53,700.00		Permanent Fund	5-1-09	5-1-39	5%
" "	166,700.00		State University	"	"	5%
			Agricultural College			
" "	30,000.00		Morrill Grant	"	"	5%
" "	39,700.00		School of Mines	"	"	5%
" "	35,000.00		State Normal Schools	"	"	5%
" "			Deaf and Dumb Asylum	"	"	5%
		\$418,000.00				
3rd Issue	7,000.00		State University	10-1-11	10-1-41	5%
" "	88,000.00		Agricultural College			
" "	5,000.00	100,000.00	Morrill Grant	"	"	5%
" "			School of Mines	"	"	5%
Cap. Annex		50,000.00	Public School			
			Permanent Fund	5-1-19	5-1-49	5%
5th Issue		8,177.00	Public School			
			Permanent Fund	4-1-25	4-1-40	4%
<hr/>						
Total Unpaid Balances						
On June 30, 1936						
		\$576,177.00				

RECAPITULATION

<u>Series</u>	<u>Purpose</u>	<u>Date of Issue</u>	<u>Total Amount Of Issue</u>	<u>Amount Now Unpaid</u>
1st Issue	Erection of Original Capitol	7-1-98	\$350,000.00	None
2nd Issue	Building of Two Wings	5-1-09	500,000.00	\$418,000.00
3rd Issue	Completion of Wings	10-1-11	150,000.00	100,000.00
Cap. Annex	Board of Health Building	5-1-19	50,000.00	50,000.00
5th Issue	Building of Vault	4-1-25	25,000.00	8,177.00
Totals			\$1,075,000.00	\$576,177.00

All outstanding Capitol Building Bonds amounting to \$576,177.00 are held by this department.

Payments on interest and principal are made exclusively from the proceeds of the Land Grant for buildings at the State Capital. These bonds are not a direct obligation of the State; but under the various acts authorizing their issue they constitute liens on all proceeds from the sale and other disposition of the lands granted by the Enabling Act for the erection of buildings at the Capital of the State originally aggregating 182,000 acres. The total value of the Capitol Building grant at the present time is carried on our records at \$1,360,657.68, as shown by Table No. VIII. But these assets can be converted into cash only as demand arises for the purchase of the land or its timber and other resources.

The foregoing summary shows that the first Capitol Building Bonds were issued thirty-eight years ago, and that the total amount of all Capitol Building Bonds issued is \$1,075,000.00; that of this amount only \$498,823.00 on the principal has been repaid during the thirty-eight year period, and that \$576,177.00 remains unpaid.

The entire balance of the second issue in the sum of \$418,000.00 becomes due on May 1, 1939.

During the last nine years, the total receipts from the land grants has averaged less than \$32,000.00 per annum, and the total annual interest requirements on the balance now unpaid is nearly \$29,000.00. Last fiscal year the total receipts were just about \$30,000.00.

It appears from these figures that it would require a dreary span of time to repay these bonds from the proceeds arising from the Capitol Building Land Grants. It is likely that already nearly \$1,000,000.00 has been paid as interest on these bonds, and so long as any part of these bonds remains unpaid, interest will accrue and must be paid. It is a lamentable error to assume that anything can be saved by extending a bond issue over a long series of years.

It would appear to be sound financial policy for the Legislative Assembly to provide for the refunding of these bonds making them payable on the amortization plan through a fixed number of years and appropriating funds for their payment in addition to the proceeds from the Capitol Building Land Grants. This plan will also have the advantage of insuring the repayment of the money borrowed from the trust funds belonging to the public schools and other institutions of the State within a reasonable and definite time.

This proposal will be discussed more in detail under the heading "New Legislation Needed".

HISTORY OF CAPITOL BUILDING BONDS

The first Issue of Capitol Building Bonds has been paid in full. This issue was authorized by Senate Bill No. 72 enacted into law by the Legislative Assembly of 1897, approved March 4, 1897, and issued for the "purpose of erecting a building to be known as the State Capitol Building to be located in the City of Helena". The total amount of the issue was \$350,000.00, consisting of three hundred and fifty bonds of \$1,000.00 each, dated July 1, 1898, due in thirty years, redeemable in fifteen years and drawing interest at the rate of six per centum per annum, payable semi-annually.

The report of the Capitol Commission shows that great difficulties were encountered in attempting to sell this bond issue, but the entire issue of \$350,000.00 was finally sold to Thomas Cruse of Helena, at full face value, which was paid in cash.

The cancelled bonds in the office of the State Auditor show that a considerable block of the bonds were paid long before the final due date.

The Second Issue of Capitol Building Bonds was authorized by Chapter 63 of the Laws of 1909, Section 5554 to 5570 of the Revised Codes of 1921, and the purpose of the issue was to obtain funds for building two wings on the Capitol Building. The total issue was \$500,000.00, consisting of five hundred bonds of \$1,000.00 each, dated May 1, 1909, due in thirty years, redeemable in fifteen years and drawing interest at the rate of five per centum per annum, payable semi-annually.

The Third Issue of Capitol Building Bonds was authorized by Chapter 2 of the Laws of the Extra Session of 1909 approved December 30, 1909, and the purpose of the issue was to obtain additional funds for completing the two wings on the Capitol Building. The total issue was \$150,000.00, consisting of one hundred and fifty bonds of \$1,000.00 each, dated October 1, 1911, due in thirty years, redeemable in fifteen years and drawing interest at the rate of five per centum per annum, payable semi-annually.

The said Chapter 2 of the Laws of 1909 does not appear to be incorporated in the Revised Codes of 1921, but a specific reference to the act is made in Section 5570 of the said codes.

The Capitol Annex issue was authorized by Chapter 194 of the laws of 1919, Section 5590 to 5605, and the purpose of the issue was to obtain funds for "erecting an annex to the State Capitol Building on the State Capitol grounds for use as a laboratory and office for the State Board of Health". The total issue was \$50,000.00, consisting of fifty bonds of \$1,000.00 each, dated May 1, 1919, due in thirty years, redeemable in fifteen years and drawing interest at the rate of five per centum per annum, payable semi-annually.

The Fifth Issue (vault bonds) was authorized by Chapter 26 of the Laws of 1925, to obtain funds "for the purpose of constructing a permanent fire-proof and burglar proof vault for use in connection with the office of the state treasurer". The total issue was \$25,000.00, consisting of twenty-five bonds of \$1,000.00 each, dated April 1, 1925, drawing interest at the rate of four per centum per annum, both principal and interest to be payable semi-annually on the amortization plan through a period of fifteen years from the date of issue.

In addition to the foregoing bond issues, some appropriations from the State General Fund have also been made for the erection of the State Capitol, for improvement of the grounds and for equipment. Through House Bill No. 174 enacted into law by the Legislative Assembly of 1901, a total of \$119,165.26 was appropriated for the Capitol Building and grounds and \$60,000.00 for equipment. There may have been other appropriations from the General Fund.

House Bill No. 71 of the Extraordinary Session of the Legislative Assembly of 1933-1934 appropriated \$55,147.00 "for the purpose of purchasing equipment, materials and supplies to be used in connection with the work of the Montana Civil Works Board, created by authority of the United States Government, in the repair and alteration of the State Capitol Buildings and Grounds, and for the purpose of paying architects fees in connection therewith".

(B) STATE EDUCATIONAL BONDS

Held by What Fund or Institution	Amount	Series	Date of Issue	When Due	Inter- est
Public School Permanent	\$118,000.00	"G"	1-1-24	1-1-44	4 3/4%
" " "	50,000.00	"H"	7-1-25	7-1-45	4%
" " "	36,395.00	"K"	7-1-26	7-1-46	4%
" " "	10,000.00	"L"	7-1-26	7-1-46	4%
State University	20,000.00	"G"	1-1-24	1-1-44	4 3/4%
Agricultural College Morrill	10,000.00	"G"	1-1-24	1-1-44	4 3/4%
Agricultural College Morrill	45,000.00	"M"	1-1-27	1-1-47	3 3/4%
School of Mines	20,000.00	"G"	1-1-24	1-1-44	4 3/4%
State Normal Schools	20,000.00	"G"	1-1-24	1-1-44	4 3/4%
State Reform School	3,300.00	"N"	1-1-28	1-1-48	4 1/2%
State Reform School	2,100.00	"O"	1-1-28	1-1-48	4 1/2%
TOTAL	\$334,795.00				

Through Initiative Measure No. 19 enacted into law at the general election held November 2, 1920, the people of this state authorized the issue of bonds in the total sum of \$5,000,000.00 in excess of the constitutional limitation of indebtedness and in addition to the bonds then outstanding, the money derived from the

The first part of the document is a letter from the President of the United States to the Congress. It is dated October 10, 1910. The letter is addressed to the House of Representatives and the Senate. It is signed by Woodrow Wilson.

The second part of the document is a letter from the Secretary of the United States to the Congress. It is dated October 10, 1910. The letter is addressed to the House of Representatives and the Senate. It is signed by James B. McLaughlin.

The third part of the document is a letter from the Secretary of the United States to the Congress. It is dated October 10, 1910. The letter is addressed to the House of Representatives and the Senate. It is signed by James B. McLaughlin.

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bonds "to be used for the purpose of constructing, repairing and equipping necessary buildings at the several education institutions of the State of Montana....". The total amount authorized was issued in installments through a period of about seven years, each installment falling due twenty years from the date of issue.

Section 7 of this initiative measure provides for the annual levy of ten-twelfths of one mill on each dollar of the assessed valuation upon all property in the state subject to taxation for the payment of interest and principal of the bonds as the same become due.

Chapter 23 of the laws of 1931 authorizes the State Board of Examiners to issue and sell refunding bonds in an aggregate amount not exceeding \$1,600,000.00 to pay and redeem an equal amount of series "A" and "B" of the said educational bonds, the purpose being to obtain a lower rate of interest.

In May, 1934, the State Board of Examiners commenced proceedings for the issue and sale of refunding bonds authorized by the said Chapter 23 in the sum of \$1,200,000.00. The bonds were not actually issued until July 1, 1934, and the interest rate obtained was four per centum per annum.

The purchasers of the refunding bonds maintained that the said tax of ten-twelfths of one mill provided for the payment of interest and principal of the original bond issue was intended to be levied and calculated on the full assessed valuation and not on the percentage valuation upon which other taxes are computed. The refunding bonds were to be paid from the proceeds of this levy of ten-twelfths of one mill and the successful bidders for the refunding bonds made their bid contingent upon a decision holding that this tax levy applied to the full assessed valuation and not to the percentage valuation. The question found its way into the Supreme Court through the case of State ex rel. E. S. Judd, Relator, vs. State Board of Examiners, Respondents. In an unanimous opinion handed down by the court on May 18, 1934, the court held that the said tax of ten-twelfths of one mill is to be levied on the full assessed valuation of the taxable property of the state. This decision will have the effect of more than trebling the proceeds from this tax and should have the effect of retiring all the remaining educational bonds, including the refunding bonds, in a few years.

On June 30, 1936, the unpaid balances of these bond issues were as follows:

Balance of the original bonds	\$1,009,000.00
Balance of refunding bonds issued July 1, 1934	1,029,000.00
Total	<u>2,038,000.00</u>

This department holds \$334,795.00 of the original issues as shown in the foregoing table.

It appears therefore that the investments of this department in the educational bonds of the State of Montana are highly secure both with regard to the payment of interest and the repayment of principal.

(C) STATE FUNDING BONDS
(\$3,074,000.00)

Chapter 10 of the laws of the regular session of the Legislative Assembly of 1933 authorized the issuance of bonds of the State of Montana in a sum not exceeding \$4,500,000.00 to fund the indebtedness of the state represented by general fund warrants. The total amount actually issued was \$4,237,000.00 drawing interest at the rate of four per centum per annum, payable semi-annually, and the bonds themselves are payable serially, beginning with January 1, 1936, and terminating with January 1, 1953. The balance unpaid on June 30, 1936, was \$4,063,000.00.

Section 3 of the said Chapter 10 sets aside and appropriates the amount of all license taxes during each year which are required to be paid into the general fund, except gasoline taxes, for the payment of interest and principal on these bonds. If these license taxes are more than sufficient, the balance will be available for other purposes. If for any reason these license taxes should at any time be insufficient to meet the required payments, provision is made for the levy of a sufficient tax upon the taxable property of the state, which tax is to be computed on the percentage value of the property.

This is probably the first bond issue by the State of Montana that is payable strictly on the serial plan; and the provisions made for the payment of interest and principal are unquestionably fully adequate.

At a meeting held on May 3, 1933, the State Board of Land Commissioners authorized the exchange of \$3,074,000.00 in state general fund warrants then held as an investment for the Public School Permanent Fund for the same amount of funding bonds. In view of the ample provisions made for the payment of interest and the repayment of the principal of these bonds, this investment is particularly safe.

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TABLE NO. XII
LANDS UNSOLD IN EACH GRANT JUNE 30, 1936

COUNTY	Public	State	Agri. College	Agri. College	School	State	State	Deaf & Dumb	Asylum	School	Public	TOTALS
	School	University	Morrill Grant	Second Grant	of	Normal	Schools	Acres	Acres	Acres	Buildings	
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
1. Beaverhead.....	259,651.35	10,360.31	7,169.08	16,905.39	6,320.00	5,960.00	11,733.05					317,099.18
2. Big Horn.....	89,066.72											89,066.72
3. Blaine.....	169,791.36									40.00		172,648.38
4. Broadwater.....	19,197.84	320.00									8,900.12	28,417.96
5. Carbon.....	37,532.83											44,355.21
6. Carter.....	139,545.76									3,248.81		140,382.94
7. Cascade.....	73,341.54	214.29								141.06		82,380.52
8. Chouteau.....	225,823.49									2,193.42		267,283.60
9. Custer.....	124,850.43	480.00								1,095.19		125,330.43
10. Daniels.....	236,601.38											236,601.38
11. Dawson.....	71,557.39											72,037.39
12. Deer Lodge.....	8,404.27											8,404.27
13. Fallon.....	52,482.96											52,482.96
14. Ferguson.....	145,671.56	2,240.00										147,911.56
15. Flathead.....	72,925.69											137,045.15
16. Gallatin.....	28,833.94	1,753.24										48,417.34
17. Garfield.....	161,103.05											161,103.05
18. Glacier.....	14,119.66											14,328.59
19. Golden Valley.....	43,651.84	3,957.65										47,609.49
20. Granite.....	19,235.48											19,235.48
21. Hill.....	124,447.82											125,027.23
22. Jefferson.....	24,649.86	360.00										31,479.48
23. Judith Basin.....	87,589.39											91,658.52
24. Lake.....	66,079.13	320.84										70,174.68
25. Lewis and Clark.....	100,831.08	480.00										128,176.59
26. Liberty.....	93,368.03											93,511.03
27. Lincoln.....	48,844.96											60,482.28
28. McCone.....	88,785.70											88,785.70
29. Madison.....	83,739.38	640.00										135,921.61
30. Meagher.....	56,087.55											86,091.05
31. Mineral.....	6,706.52											21,385.70
32. Missoula.....	35,554.71	1,760.00										61,521.18
33. Musselshell.....	60,585.58											60,585.58
34. Park.....	35,645.16	880.00										36,525.16
35. Petroleum.....	61,354.82	1,272.37										62,627.19
36. Phillips.....	174,742.02											175,502.02
37. Pondera.....	66,346.64											66,696.64
38. Powell.....	135,893.99											137,069.09
39. Prairie.....	57,686.53	155.67										59,762.20
40. Ravalli.....	58,887.44											58,887.44
41. Richland.....	17,095.31											26,790.23
42. Richland.....	68,327.64											68,327.64
43. Roosevelt.....	16,734.97											17,494.97

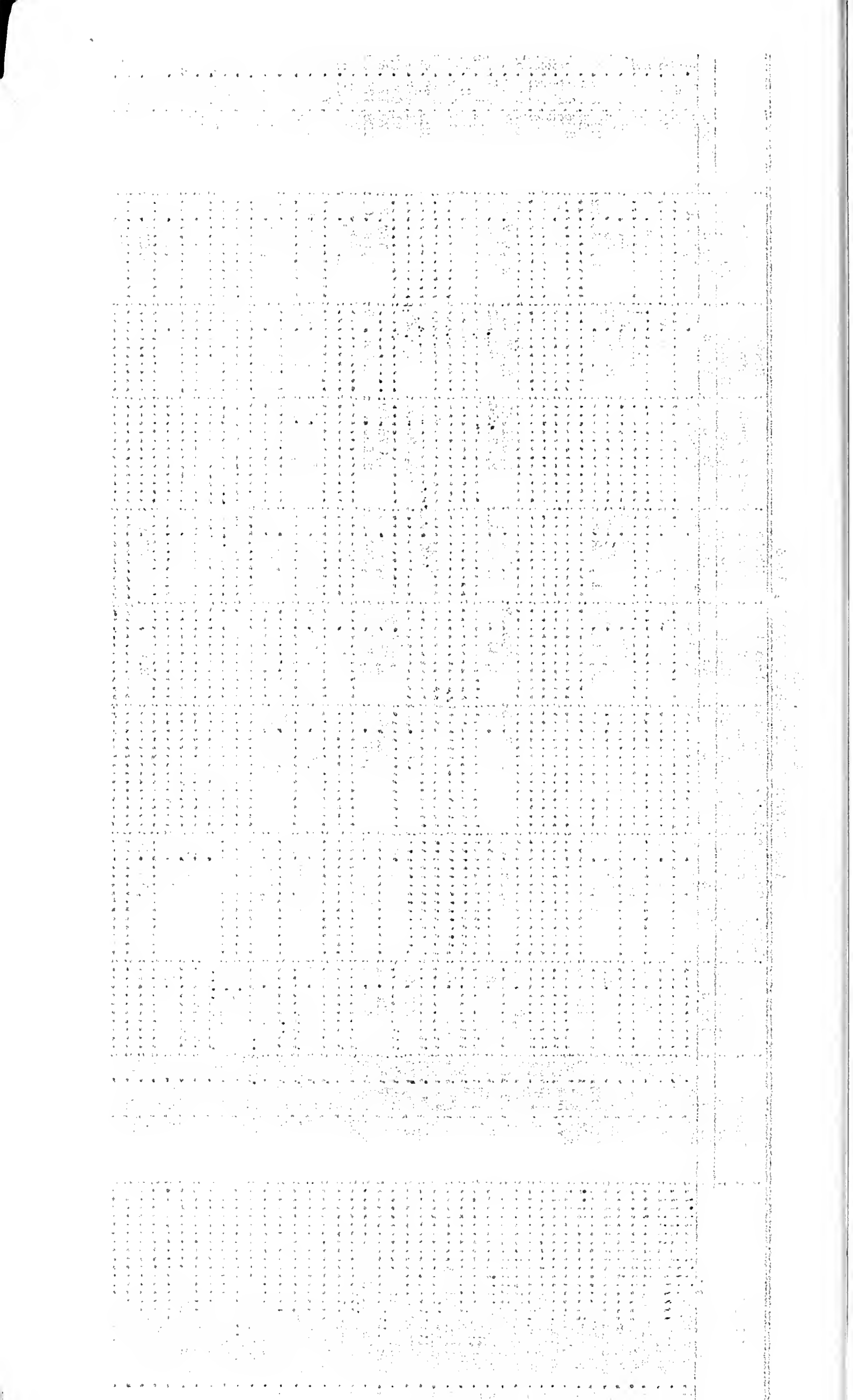


TABLE NO. XII (Continued)
LANDS UNSOLD IN EACH GRANT JUNE 30, 1936.

COUNTY	Public	State	Agri.	College	School	State	State	State	Public	TOTALS
	School	University	Morrill	Grant	Second Grant	Mines	Schools	Deaf & Dumb	Reform	
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
44. Rosebud.....	166,752.04	2,213.74								168,965.78
45. Sanders.....	37,121.01						2,130.90			52,063.06
46. Sheridan.....	30,968.36									30,968.30
47. Silver Bow.....	12,034.59									12,034.59
48. Stillwater.....	47,576.30									47,576.30
49. Sweet Grass.....	50,364.05		1,280.00							51,644.05
50. Teton.....	88,405.35		2,706.83			4,307.46	3,289.75			99,629.39
51. Toole.....	108,332.92					40.00				114,108.29
52. Treasure.....	33,693.95		480.00							34,173.95
53. Valley.....	200,524.85									200,524.85
54. Wheatland.....	58,803.55	1,120.00					1,120.00	3,677.14	2,369.29	67,169.98
55. Wibaux.....	28,008.74									28,008.74
56. Yellowstone.....	77,330.81									77,330.81
TOTALS	4,502,288.23	18,647.80	65,627.14	39,448.32	63,109.97	69,260.59	37,047.26	37,117.15	128,276.54	4,960,823.00

Soldiers' Home Grant.....	1,275.61
Northern Montana Normal and Manual Training School.....	2,000.00
"Militia Camp" now used as Agricultural Experiment Station, Part of former Fort Ellis Military Reservation.....	640.00
Miscellaneous parcels, belonging to the State.....	267.68
Orphans' Home and Tuberculosis Sanitarium.....	65.00
GRAND TOTAL.....	4,248.29
	4,965.071.29

When lands are sold, and when sales contracts are cancelled, the figures of "lands unsold" are changed accordingly. When losses have been sustained, in Section 16 or Section 36 and "lieu lands" are selected in another county, the lands are shifted and the figures altered. On account of these constant changes the table of unsold lands does not long remain entirely accurate; but all the same it gives a good idea of the quantity and distribution of the lands.

CONDITION OF STATE FARM LOANS AND CONTRACTS JUNE 30, 1936

Classification	No. of Loans	Acres	Original Amount of Loan	Unpaid Balance on Contracts (Including Int.)	Unpaid Principal
1. Loans in their original form (not delinquent in interest payments)	8	2,086.05	\$9,480.00		\$6,197.52
2. Loans converted to amortization mortgages not delinquent	55	17,500.69	104,850.00		88,149.95
3. Loans converted to amortization mortgages delinquent	102	31,804.03	169,700.00		165,761.40
4. Loans under which the State has acquired title and the lands have not been resold	665	228,361.01	1,262,010.99		1,448,448.08
5. Loans converted to amortization mortgages under which State has acquired title and the lands have not been resold	98	35,971.70	214,950.00		229,576.43
6. Sales contracts* not delinquent	240	74,746.15	446,353.56	\$486,082.48	451,213.10
7. Sales contracts* delinquent	373	135,987.59	768,178.43	949,463.35	860,691.97
8. Sales contracts* cancelled and the lands not resold	395	136,634.44	838,683.00		941,313.88
Totals		1,936,663,091.66	\$3,814,205.98	\$1,435,545.83	\$4,191,352.33

*Loans under which the lands have been deeded to the State or acquired through foreclosure proceedings and then resold under the 33 year amortization plan.

Average amount per loan, not including accrued interest \$2,164.95

Average investment per acre, not including accrued interest \$6.32092

TAXES AND COSTS PAID BY THE STATE IN CONNECTION WITH ITS FARM LOANS
(Included in "Unpaid Principal" in table above given)

Up to June 30, 1922	\$45,297.66
Year ending June 30, 1923	75,630.72
Year ending June 30, 1924	169,566.59
Year ending June 30, 1925	137,633.30
Year ending June 30, 1926	45,777.63
From June 30, 1926, to June 30, 1928	49,177.17
Year ending June 30, 1929	9,166.18
Year ending June 30, 1930	14,009.14
Year ending June 30, 1931	11,162.88
Year ending June 30, 1932	12,488.40
Year ending June 30, 1933	15,667.31
Year ending June 30, 1934	15,844.72
Year ending June 30, 1935 (net amount)	1,053.22
Year ending June 30, 1936 (net amount)	14,559.07
Total	<u>\$617,035.19</u>

TOTAL INVESTMENT IN FARM LOANS AT THE CLOSE OF EACH FISCAL YEAR

June 30, 1924	\$4,551,655.03
June 30, 1925	4,595,261.19
June 30, 1926	4,549,039.77
June 30, 1927	4,529,084.23
June 30, 1928	4,433,894.77
June 30, 1929	4,342,179.76
June 30, 1930	4,301,561.94
June 30, 1931	4,270,942.18
June 30, 1932	4,273,807.84
June 30, 1933	4,281,631.62
June 30, 1934	4,270,562.27
June 30, 1935	4,233,866.27
June 30, 1936	4,191,352.33

MEMORANDUM FOR THE RECORD

TO : Mr. Tolson
FROM : Mr. [Name]
SUBJECT: [Subject]

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OPERATION OF FARM LOAN ACCOUNT,
FISCAL YEAR JULY 1, 1934, TO JUNE 30, 1935

31.

Balance on Principal unpaid June 30, 1934	\$4,270,562.27
Farm Mortgage Expenses for fiscal year	\$1,170.99
Less Duplicate Orders issued on account of checks lost in Wibaux Flood and later recovered	<u>117.17</u>
	1,053.82
Total	\$4,271,616.09
Repayments during fiscal year	<u>37,749.82</u>
Balance on Principal unpaid June 30, 1935	<u>\$4,233,866.27</u>

NOTE: The smallness of the amount of farm loan expenses charged during this fiscal year is due to the fact that large amounts of taxes and other expenses were charged to the loans towards the close of the previous fiscal year and early in the next fiscal year.

OPERATION OF FARM LOAN ACCOUNT,
FISCAL YEAR JULY 1, 1935, TO JUNE 30, 1936

Balance on Principal unpaid June 30, 1935	\$4,233,866.27
Farm Mortgage Expenses for fiscal year	14,559.07
Oil and Gas Royalties from Mortgage Lands taken over by the State previously credited to the Farm Loan Account, but not creditable to other loans than the loans on the lands from which the royalties were obtained	<u>8,307.16</u>
Total	\$4,256,732.50
Repayments during fiscal year	\$61,659.81
Traveling expenses charged to Farm Loan Account and prior to 1925 but not chargeable to individual loans. Ordered deducted by State Examiner	3,085.29
Other adjustments made by State Examiner	<u>635.07</u>
	65,380.17
Balance on Principal unpaid June 30, 1936	<u>\$4,191,352.33</u>

GENERAL PLAN OF HANDLING DELINQUENT LOANS

Under the provisions of Chapter 168 of the 1925 Session Laws as amended and re-enacted by Chapter 60 of the 1927 Session Laws (1805.108 to 1805.112 R. C. M. 1935). delinquent farm loans are placed under the office of the Attorney General for securing title through foreclosure or otherwise.

The plan followed with all badly delinquent loans has been to secure title to the property by quitclaim deed whenever satisfactory title could be obtained in that way, and if not, then through foreclosure proceedings. Encouragement is always given to the mortgagor or his successor to repurchase the property within the redemption period under the easy payment plan provided by our statutes. The purchaser is required to pay in cash at least ten per centum of the total investment including accrued interest and all costs; the balance draws interest at the rate of five per centum per annum and is payable on the amortization plan through a period of thirty-three years.

None of these lands has been sold for less than the full investment including taxes and other costs. Through Chapter 127 of the 1935 Session Laws (Sections 1218.1 to 1218.6 R. C. M. 1935) the State acknowledges its responsibility for the millions of dollars belonging to the Permanent Public School Fund invested in State farm loans and agrees to repay the total amount invested together with interest. Since the enactment of this law, the Attorney General has ruled that mortgage lands may lawfully be sold without including accrued interest in the sales price.

The application of the amortization principle to the repayment of these loans has proved exceedingly helpful. If the loans had originally been made on the amortization plan a much greater portion of these loans would have been repaid at the present time. The basic difficulty, however, is that the loans were too large, being

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made during the boom period of the State when everybody had an exaggerated idea of land values.

Mortgage lands to which the State has acquired full title and which have not been resold are leased out whenever lessees can be found, either for cash rental or on a crop share rental basis.

Section 74 of Chapter 60 of the 1927 Session Laws (Sec. 1805.74 R. C. M. 1935) provides that whenever a sale of State lands is held in any county, all the mortgage lands owned by the state in such county to which the state has secured title shall as a general rule be offered for sale. Sections 77 and 78 of the same Chapter (Secs. 1805.77 - 1805.78 R. C. M. 1935) provides that mortgage lands may also be advertised and sold at other times than at regular sales of state lands held at the county seats, whenever the State Board of Land Commissioners so orders. All such sales are held at the State Land Office.

THE STATE FARM LOAN ACT REPEALED

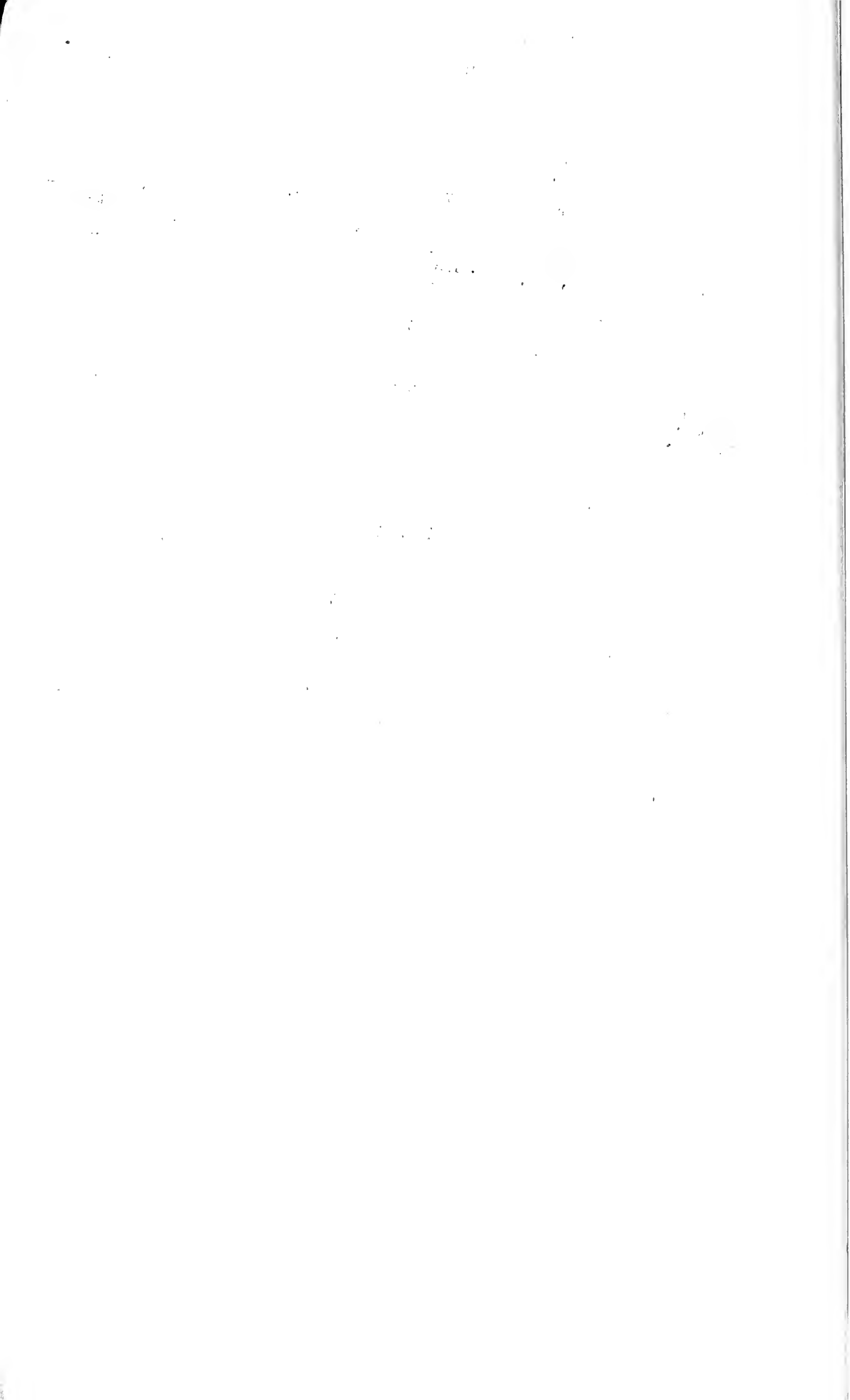
The Farm Loan Act was repealed by Chapter 139 of the 1933 Session Laws (Sec. 1805.98 R. C. M. 1935) but not one single new farm loan was made subsequent to December 24, 1924.

L. E. CHOQUETTE, Chief Field Agent
and

WESLEY W. WERTZ, Special Assistant Attorney General

In addition to his other duties, Mr. L. E. Choquette, Chief Field Agent, has charge of the Farm Loan Division, including the leasing of mortgage lands. He has given close study to this perplexing problem and a great deal of thorough and persistent work. Considering the difficult economic conditions that have prevailed for a number of years, he has been highly successful.

In December, 1935, Attorney General Raymond T. Nagle appointed Wesley W. Wertz as Special Assistant Attorney General to take charge of the foreclosure of delinquent state farm loans together with other work pertaining to the Attorney General's office. Before he accepted this appointment, Mr. Wertz served nearly two years as Assistant Code Commissioner in compiling the Revised Codes of Montana of 1935. He has vigorously and efficiently prosecuted the work of clearing the state's title to mortgage land, and has generously cooperated with this department in every way not only with regard to delinquent state farm loans but also in all other legal matters.



STATE FARM MORTGAGE LOANS*

(Amount Unpaid on June 30, 1936, Over \$4,191,000)

Mortgages on land as security for borrowed money is an ancient institution. The oldest code of laws known to man, the Code of King Khammurabi, the founder of the Babylonian Empire, carved into stone some twenty-three centuries before the Christian era--more than forty centuries ago--contains many provisions dealing with "fields and houses" pledged for borrowed money--in other words with real estate mortgages. Among the King's letters one has been found inquiring if a certain transfer of land represented an actual sale or if it was simply a pledge or mortgage. A money lender claimed two "gan" of land originally belonging to "Lalum", one of the King's subjects. The investigation disclosed that the transfer was simply a pledge or a mortgage, and not an unconditional sale and transfer of the land. From that remote time and down to the troubled present, farm loans and mortgages have been made by the thousand and the same questions have arisen. Down to recent times farm loans were made almost exclusively by individual money lenders, and farm loan agents arose who altogether too often preyed heavily on the borrowers. Many a noble family tree throughout the land had its start in this particular species of grafting. Abuses of this kind have resulted in violent reactions that in recent years have influenced and shaped the political history of several states. From the hoary ages of King Khammurabi and his subject, Lalum, down to Lemke and Olson, the farm mortgage business has flourished and has been the subject of official inquiry, political agitation and considerable legislation.

It is only of late that the farm loan business has commenced to pass into the hands of mutual loan associations and that state and national governments themselves have gone into this business.

The Federal farm loan system in the United States was established in 1916 under the administration of Woodrow Wilson. The creation of this system is one of the great events in the economic history of the United States.

State Farm Loans in Montana

It was in line with this development that the State of Montana went into the farm loan business. A farm loan law was enacted by the people through the initiative at the general election in 1914; but the supreme court held this act to be in part unconstitutional. Chapter 124, Laws of 1917, was thereupon enacted. Educators and farm leaders joined in advocating legislation of this nature. It was argued that it would furnish the farmers with money at lower interest rates than those prevailing at that time and that the school funds of the state invested in these loans would receive a better rate of interest than usually received on bonds. This law made it the duty of the State Board of Land Commissioners to make investments from the public school permanent fund in first mortgages on improved farm lands in the state.

Under this legislation the State Board of Land Commissioners made 2,363 original loans aggregating \$4,648,750.00 during the years 1917, 1918, 1919, 1920, 1921, 1922 and 1924. Not one single new farm loan was made since December 24, 1924. The usual term was ten years and the interest was 6%.

By way of comparison, the following figures are given taken from the statistical abstract of the United States and the year book of agriculture for 1935:

Value of all lands in farms in the United States	\$34,929,845,000.00	
Value of all buildings on these lands	<u>12,949,994,000.00</u>	\$47,879,839,000.00
Total mortgage indebtedness on all farm lands and buildings thereon		9,241,390,000.00
or a little over 19%.		
Montana's share of this total indebtedness secured on farm lands and buildings was		\$129,200,000.00

*This statement was written at the request of the Montana Standard and published in full. It is reproduced here as it contains comprehensive information on the subject and suggests amendments to the act by which the State assumed liability for the repayment to the Public School Permanent Fund of the millions invested in farm loans.

The state farm loan business in Montana has been somewhat of a tragedy whether considered from the standpoint of the lender or the position of the borrower. On June 30, 1936--eighteen years after the commencement of this business--the state had paid for the entire period more than \$600,000.00 in taxes and expenses in connection with these loans; had found it necessary to acquire title to about 90% of the lands given as security; and including the aforesaid taxes and expenses more than \$4,191,000.00 of the principal remained unpaid. Accrued interest is not included in these figures and if it is figured at 6% per annum on all unpaid loans from the time they were made and up to the present time, it would probably reach one and one-half million dollars. The lands to which the state has taken title represent 1,761 loans now unpaid, and of these lands more than one thousand tracts have been resold on long term payment contracts, but of these contracts only 612 remained in force and effect on June 30, 1936.

Causes of This Failure

1. A great portion of these loans was made during the most prosperous years for agriculture in the State of Montana. Farm land values were greatly exaggerated and prices inflated. As a result the loans were entirely too large.
2. The loans did not embody any compulsory plan for gradual repayment. The borrower had the privilege of retiring one-tenth of the loan each year, but that was entirely optional with the borrower, and with few exceptions the borrower relied upon "the pot of gold at the end of the rainbow". The amortization plan of repayment now embodied in Federal farm mortgages was not made a part of the farm mortgage loans in this state.
3. There was no local organization in each county that shared in the responsibility for the annual payment of interest and principal corresponding to local farm loan organizations under the Federal farm loan plan.

The boom conditions existing when the bulk of these farm loans was made, the serious defects in the plan itself and the adversities that have beset agriculture in the State of Montana in later years have conspired to bring about this deplorable result.

Efforts to Relieve the Borrower

As far back as 1923 legislation was enacted giving the original mortgagor and his successors in interest the right to repurchase land to which the state had taken title under a state farm mortgage by making an initial payment of 15% and paying the balance of the purchase price through a period not exceeding thirty-five years with interest at 5%. Later on the first payment required to be made was reduced to 10%. At an interest rate of 5% per annum the total annual payment required on a thirty-three year amortization contract is 6 $\frac{1}{4}$ %. As the state holds the title to the land until the contract is paid up in full, the purchaser is subject to taxation only on his equity in the land. This comparatively low rate of interest, the long repayment plan and the material reduction in taxes constitute the plan through which the state endeavors to help the borrowers to repay their indebtedness. The same plan of payment applies when the land is sold to someone else than the mortgagor and his successors in interest.

Legislation Designed to Protect the Investor--the Public School Permanent Fund

The state farm loan act remained in full force and effect until March 14, 1933, when it was repealed. All the same, not one single state farm loan has been made since December 24, 1924. No state farm loans whatsoever were made during the Erickson administration. Beginning with 1925 the sole objective of the State Land Department with regard to farm loans has been to salvage the investments previously made. A great deal of effort has been exerted toward this end as already indicated. If loans had been made during this period additional millions would have been invested and the losses would have increased accordingly.

It has long been realized that substantial losses would be sustained through this farm loan business, and as the public school permanent fund from which all these loans were made is guaranteed by Section 3 of Article XI of the State Constitution against "loss or diversion", plans have been advocated to make good this guarantee. The biennial reports of the Department of State Lands and Investments for the years 1928, 1930, 1932 and 1934 contain specific recommendations for legislation to make good this guarantee. The letter and the spirit of the Enabling Act and the mandate of the state constitution require that the public school fund shall forever remain inviolate. These obligations impose a sacred trust upon the officers and people of the State of Montana. The legislative assembly of 1935 enacted Chapter 127 in substantial accord with these recommendations.

The title to the act gives a good idea of its nature and purpose. It reads as follows:

"An Act Recognizing the Liability of the State for the Public School Permanent Fund Under Section 3 of Article XI of the Constitution of the State, Acknowledging its Obligation Thereunder to Keep Such Public School Fund Inviolate and its Guarantee Against the Loss or Diversion of Any Part Thereof Including the Investments in State Farm Mortgage Loans; Providing for Assuming and Taking Over as the Property of the State Itself All Such State Farm Loans and All Lands Acquired by the State Under Such Loans Together With All Rights of the State in Connection Therewith and Providing for the Repayment of the Amount Invested in Such Farm Loans Together With Interest."

The act provides that all receipts from these farm mortgage loans and from the lands to which the state has taken title under these loans shall be paid into the "state farm loan sinking fund". Interest on the total amount due the public school permanent fund is paid from this sinking fund and so also partial payments on the principal as funds become available.

This act accomplishes three definite and highly desirable objects with regard to the investment from the public school permanent fund in state farm loans:

1. The state recognizes its liability for the investments made in such loans in the specified amount of \$4,250,625.95 as of January 1, 1935.
2. The state specifically promises and agrees to repay to the public school permanent fund the said sum of \$4,250,625.95 as of January 1, 1935, together with interest.
3. By recognizing this indebtedness and by promising and agreeing to repay it without regard to what the farm loan assets may actually bring, the State Land Department has felt at liberty to advertise and sell lands taken over under these loans for less than the amount invested including the accrued interest. A ruling has been obtained from the Attorney General holding this procedure to be lawful so long as no part of the actual investment is sacrificed. The accumulated interest on a great number of these loans added to the principal have brought the state's claim so high that it would be impossible to sell the lands at the aggregate sum. As a direct result of this legislation sales are not blocked by this difficulty.

Two Vital Defects in the Legislation

1. Interest Rate Too Low. When Senate Bill No. 104, now enacted as Chapter 127 of the 1935 Session Laws, was presented to the Senate it provided for interest on the balance remaining from time to time unpaid at the rate of 4% per annum. This rate was reduced to 2% per annum. Needless to say, this is not just and fair to the public school permanent fund nor to the schools throughout the state to which the fund belongs. The interest rate was probably reduced under the mistaken idea that this would save money for the taxpayers of the state. It is evident that the decreased income for the schools resulting from this cut in the interest rate will increase the tax burden of the school districts through the state in the same amount.

2. Additional Funds Should be Provided for Repayment of the Loans. The receipts from rentals on the lands, from interest and from repayment on principal would not be sufficient to pay interest at the rate of 4% per annum or even less and to repay the principal in full. The act itself takes cognizance of these circumstances and indicates that additional funds must be provided. The second paragraph of Section 5 of the act reads as follows:

"All other moneys received by the State Treasurer from any other source than that of the state general fund provided by the Legislative Assembly for the repayment to the public school permanent fund of the aforesaid amount invested in state farm mortgage loans shall also be placed in the said state farm loan sinking fund."

It was not thought wise to designate in the act itself what other funds should be made available. The bill had a hard time of it without any additional encumbrance.

These additional revenues should amount to approximately \$100,000.00 per annum. The legislative assembly has already indicated that it does not want to take this money from the state general fund. Would it not be possible to shift some of the state revenue now going into various school funds to the state farm loan sinking fund? This will require a separate act, not an amendment to the said Chapter 127. It is important that this legislation be enacted in the next session of the legislature so that the indebtedness may decrease in proportion to the gradual dwindling of the assets.

By providing additional revenues as above suggested the public school permanent fund may eventually be repaid in full; the state's guarantee of this sacred trust fund will thereby be realized; and this will be brought about with the least possible hardship upon the taxpayers of the State of Montana.

1. The first of the three main principles of the theory of the origin of life is that life is a result of the action of natural forces. 2. The second principle is that life is a result of the action of chemical forces. 3. The third principle is that life is a result of the action of physical forces. 4. The fourth principle is that life is a result of the action of biological forces. 5. The fifth principle is that life is a result of the action of psychological forces. 6. The sixth principle is that life is a result of the action of social forces. 7. The seventh principle is that life is a result of the action of spiritual forces. 8. The eighth principle is that life is a result of the action of moral forces. 9. The ninth principle is that life is a result of the action of artistic forces. 10. The tenth principle is that life is a result of the action of scientific forces.

AGRICULTURAL AND GRAZING LEASES
IN EFFECT JUNE 30, 1936

Showing the Number of Acres Under Lease
in Each Grant and the Annual Rental.

Name of Grant	: : Grazing : Acreage	: : Annual : Grazing : Rental	: : Annual : Agricultural : Acreage	: : Annual Ag- : ricultural : Rental	: : Acres Under : Crop Share : Leases
Public School	:3,073,117.24:	\$165,003.22:	23,439.53:	\$16,822.62:	317,777.66
State University	: 10,688.47:	604.23:	105.00:	243.00:	100.00
Agri. Morrill Grant	: 64,257.61:	4,069.32:	405.00:	230.00:	90.00
Agri. Col. Second Grant	: 13,950.29:	573.70:	20.00:	20.00:	. . . . .
School of Mines	: 41,509.86:	1,958.62:	505.00:	348.01:	2,147.00
State Normal School	: 44,561.03:	2,270.79:	116.00:	83.20:	560.00
Deaf and Dumb Asylum	: 24,772.26:	1,316.75:	. . . . .	. . . . .	. . . . .
State Reform School	: 25,004.88:	1,578.01:	100.00:	76.00:	80.00
Capitol Building	: 44,162.17:	2,827.06:	479.00:	220.75:	680.16
Soldiers' Home	: 1,237.80:	48.45:	. . . . .	. . . . .	. . . . .
O. H. and T. B. Society	: 65.00:	10.00:	. . . . .	. . . . .	. . . . .
State Prison Site	: . . . . .	. . . . .	10.00:	50.00:	. . . . .
General Fund	: 20.00:	20.00:	. . . . .	. . . . .	. . . . .
TOTALS	:3,343,346.61:	\$180,280.15:	25,179.53:	\$18,093.58:	321,434.82

SUMMARY

Total Acreage Under Grazing Leases	3,343,346.61	
Total Annual Grazing Rental		\$180,280.15
Total Acreage Under Agricultural Leases (Except Crop Share Leases)	25,179.53	
Total Annual Agricultural Rental (Except Crop Share Leases)		18,093.58
TOTALS	3,368,526.14	\$198,373.73
Acreage Under Crop Share Lease	321,434.82	
Total Acreage Under Lease	3,689,960.96	
Average Grazing Rental Per Acre	5.392 cents	
Average Agricultural Cash Rental Per Acre	71.853 cents	

Minimum Share Rental - One-fifth of all crops raised, delivered in elevator. Total number of leases in effect including 1,250 crop share leases - 6,391.

MRS. NANITA BAGLEY SHERLOCK, Assistant Commissioner

Mrs. Nanita Bagley Sherlock, Assistant Commissioner, has charge of the endless and laborious task of leasing state lands for agricultural and grazing purposes. It requires most painstaking attention to detail and a thorough understanding of the problems of the farmer and the stockman. Mrs. Sherlock has been highly successful in the performance of these exacting duties and does at all times serve the state's thousands of lessees with perfect fairness and never-failing courtesy.

ADDITIONAL INFORMATION IN REGARD TO LEASING AND RENTALS

The leases above tabulated do not include leases on mortgage lands nor lands included in state forests. All rentals from mortgage lands are kept entirely separate from rentals on other state lands and are paid into the State Farm Loan Sinking Fund under the provisions of Chapter 127, Laws of 1935.

State forest lands are not leased for grazing in the same manner as other state lands, but permits are issued by the State Forester for grazing at very reasonable rates. For the last fiscal year the fees for such permits amounted to \$7,586.32, as shown by Table No. V of this report. For the previous fiscal year these fees amounted to \$8,563.12 as shown by Table No. I.

Crop Share Leases

Crop share leases are authorized by Section 30 of Chapter 60 of the 1927 Session

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
RESEARCH REPORT NO. 1000
JANUARY 1960

The following table shows the results of the experiments conducted on the reaction of the various compounds with the reagent. The data are presented in the form of a table with the following columns: Compound, Reagent, and Result. The results are given in terms of the percentage of the compound that reacted with the reagent. The data are as follows:

Compound	Reagent	Result (%)
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31	32	33
34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
64	65	66
67	68	69
70	71	72
73	74	75
76	77	78
79	80	81
82	83	84
85	86	87
88	89	90
91	92	93
94	95	96
97	98	99
100	101	102

The following table shows the results of the experiments conducted on the reaction of the various compounds with the reagent. The data are presented in the form of a table with the following columns: Compound, Reagent, and Result. The results are given in terms of the percentage of the compound that reacted with the reagent. The data are as follows:

Compound	Reagent	Result (%)
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31	32	33
34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
64	65	66
67	68	69
70	71	72
73	74	75
76	77	78
79	80	81
82	83	84
85	86	87
88	89	90
91	92	93
94	95	96
97	98	99
100	101	102

Laws (Sec. 1805.30 R. C. M. 1935) and are becoming highly important both to the state as lessor and to the hundreds of individual lessees. On June 30, 1932, there were 640 crop share leases in effect embracing 181,129.88 acres. On June 30, 1936, there were 1,250 crop share leases in effect embracing 321,434.82 acres.

Under the law the minimum share rental is one-fifth of the crops raised delivered at the elevator, and the intention of the statute is that the share to the state shall be the same as that commonly paid by lessees of privately owned land in each locality. Under this form of lease no cash advance rental is required - only the regular fee of \$2.50 for issuing the lease. The quantity of grain delivered to the state as rental is in exact proportion to the quantity raised; in case of total crop failure the lessee is totally exempt. The system seems to be perfectly fair and particularly helpful in these trying times.

More Than One Lease May Be Held by the Same Person and Each
Lease May Contain More Than One Section of Land

Under Section 11 of the Enabling Act as originally written, the quantity of land that could be leased to "one person or company" was limited to one section. In all cases where state lands were so situated that they could be used to advantage only by one or a few stockmen, this limitation was very troublesome, and from the very beginning of statehood methods were devised by which one person or company could in reality lease more than one section.

An amendment to this part of the Enabling Act was prepared by the present Commissioner of State Lands and Investments, which among other things eliminates this troublesome restriction. The amendment was perfected by the late Senator Walsh, enacted into law largely through his influence in Congress and signed by the President on May 7, 1932. (Vol. 47 U. S. Statutes, p. 150).

This amendment to the Enabling Act was approved by the State Legislature in 1933 through Chapter 84.

By a resolution adopted on May 18, 1933, the State Board of Land Commissioners limited the quantity of land that may be carried under one lease to four sections of adjoining lands or lands which naturally belong to the same grazing area. One person may hold more than one lease.

Chapter 42, Laws of 1933

Chapter 42 of the 1933 Session Laws, practically speaking, reduces grazing rentals on state lands to one-half of the rates prevailing under former statutes. When this legislation was discussed previous to its introduction, it was advocated as emergency legislation to remain in effect for two years; but no limitation appeared in the bill as to the time for which the reduction should remain in effect. As a result it is permanent legislation until amended by the legislative assembly in the same manner as other legislation.

On June 30, 1932, the average annual grazing rental on state lands was 10.7 cents per acre. Please bear in mind this was before the enactment of the said Chapter 42. On June 30, 1936, after the rental reductions under the said Chapter 42 had come into full force and effect, the average annual grazing rental was 5.39 cents per acre.

It is worth noting in this connection that in 1934 the average tax on privately owned grazing lands throughout the State of Montana as reported by the State Board of Equalization was about 6 cents per acre.* The average assessed valuation of such land as returned by the State Board of Equalization for the same year was \$3.23 per acre. If we figure that the owner of these grazing lands had an average of \$3.23 per acre invested, and we figure interest at 5%, the annual interest will come to 16.15 cents. Add to this the average tax of 6 cents per acre, and we will arrive at a total annual cost of using privately owned grazing lands of 22.15 cents per acre, which is more than four times the annual grazing rental on state lands. The conclusions are self evident.

The argument has constantly been used in favor of rental reductions that it would bring so much more state lands under lease that this would more than offset the reduction. To offset a reduction of rentals to one-half or less, it would evidently be necessary to double the lands under lease. This would be impossible for the simple reason that far more than one-half of the lands have always been under

*The 1934 Report of the State Board of Equalization was the latest available when this report was written.

[illegible]

3. The \mathcal{H}_∞ norm of the system is bounded by γ .

lease for a long series of years.

As shown by Table No. XIV approximately 3,690,000 acres were under lease on June 30, 1936. As about one-half million acres are in state forests, only about 772,000 acres were open to lease at that time. At an average rental of 5.392 cents per acre this would produce less than \$42,000.00; but as the lands not now under lease are unquestionably the poorer lands, far below the average, the rental would not reach the same average as the better lands and would not even bring \$42,000.00.

It is evident that under the reduced rental rates of Chapter 42 of the 1933 Session Laws, the income from grazing rentals can never be brought up to what they have been in former years. Better economic conditions bring a better income from rentals; but with the present grazing rates it will be mathematically impossible to bring the income from this source up to the figures for good years in the past.

The total receipts from rentals on state lands during the last eleven years have been as follows:

Year ending June 30, 1926	\$374,995.61
" " " 30, 1927	368,112.53
" " " 30, 1928	427,057.38
" " " 30, 1929	423,087.71
" " " 30, 1930	397,652.14
" " " 30, 1931	312,035.58
" " " 30, 1932	211,083.34
" " " 30, 1933	176,002.68
" " " 30, 1934	227,614.43
" " " 30, 1935	233,544.38
" " " 30, 1936	290,252.42

There was some increase in the acreage of lands under grazing lease during the last two years, but the increase in rental receipts for the last fiscal year arises mainly through better returns from crop share leases following the fair crops of 1935.

Further Reduction in Grazing Rental Would Have Vicious Effects

Notwithstanding the exceedingly low rentals on state grazing lands now prevailing, talk is floating about suggesting further reductions. Such reductions, no matter in what form and no matter under what pretext they are advocated, would constitute a form of robbery of the schools of the State of Montana. The following is quoted from the 1934 report of this department:

"The reduction of rentals on state lands below the actual values would be more far reaching in its detrimental results than may appear on the surface. If these lands could be leased at nominal rentals and the lessee could have secure possession through a long series of years, there would evidently be little or no incentive to purchase; he would regard it as rank foolishness to do so. The lands must be sold in order to contribute their full share to the upbuilding and development of the state; and the proceeds from the sale of the lands will yield far greater income than the rentals.

"It is admitted that reduction of rentals would save money for the lessees; but the 6,151 leases outstanding are in the hands of less than 5,000 families, while the lands belong to all the people of the state, numbering more than 137,000 families. The land should evidently be administered insofar as possible for the equal advantage and benefit of all the 137,000 families of the state; and this can only be accomplished by administering the lands on sound business principles in full accordance with the Constitution and the Enabling Act, which granted the lands to the State of Montana for the support and maintenance of its public schools and higher institutions of learning.

"As every dollar received as rental accrues to the benefit of our schools, every dollar lost in rental requires an additional dollar to be raised through taxation."

Present Time Inopportune for New Legislation Relating to the Leasing of State Lands

In 1933 it was no doubt the hope of our legislators that the economic conditions throughout the state and nation would be greatly improved during a couple of years, probably even restored to a normal situation. The unprecedented drought that has prevailed throughout great portions of the United States, including Montana, during the last years has prevented the anticipated recovery in the stricken areas.

Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099
1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	

Conditions with regard to farming and the livestock industry in Eastern Montana are not only disappointing, they are tragic and disastrous; they constitute a calamity to our people and our state. Under these conditions it appears that it would be unwise to attempt any new legislation dealing with the leasing of state lands. In order that legislation may have some degree of permanency, it must reflect normal economic and financial conditions.

The Taylor Grazing Act

It is a lamentable fact that during the last few years Federal legislation has been enacted which may have the effect of seriously impairing the value of the Federal Land Grants made to the State of Montana and other Western States. In June, 1934, Congress enacted into law a bill sponsored by the Secretary of the Interior but commonly known as the Taylor Grazing Act. "It authorizes the Secretary of the Interior to provide for the protection, orderly use, and regulation of the public ranges, and to create grazing districts with an aggregate area of not more than 80 million acres."

Generally speaking the objects of this legislation would appear to be laudable; but as far as state lands are concerned, the difficulty is that they are scattered throughout these grazing districts and that it will be difficult to obtain reasonable rentals for lands so situated and next to impossible to dispose of these lands through sale. To escape these evil effects, the Department of State Lands and Investments of this state has begged and implored the Department of the Interior to facilitate the exchange and consolidation of state lands scattered throughout such grazing districts. The following is a summary of the arguments presented and the remedies suggested:

1. The state has more than four and one-half million acres of land largely intermingled with the lands of the United States aggregating at this time about six million acres.
2. When grazing districts are created under the Taylor Grazing Act, state owned lands will inevitably become included within the boundaries of these districts.
3. These grazing districts are somewhat of a cooperative nature, and the rents or fees to be paid will be negligible.
4. It will be next to impossible to obtain a higher rent for school sections within these districts than the rents paid for lands of the United States; the revenues for our schools will thereby be drastically reduced.
5. It will become next to impossible to sell scattered sections of state lands within a grazing district at a fair price. It is so much cheaper to lease the lands at nominal rentals.
6. In this way the operation of the Taylor Grazing Act will seriously impair the value of the lands granted by the United States to the State of Montana for the support of its schools and institutions. It will tend to nullify the grants already made. We believe that this is a great injustice to the state.
7. In order to prevent this impairment of the value of the school lands in the State of Montana; and in order that these lands may continue to be administered by the officers of the State of Montana as contemplated by the Congress of the United States in granting these lands to the state, it is necessary that these scattered school sections be consolidated into suitable grazing units. Unless this is done, the lands granted to the State of Montana for the maintenance of our schools will be "swallowed up" by the grazing districts. They will cease to be administered for the benefit of the schools of the state and cease to yield any substantial revenues for the support and maintenance of these vital institutions.

The Taylor Grazing Act makes specific provision for the exchange of lands with the several states. The amendment to the act approved June 26, 1936, brings out more forcibly than the original act the right of the states to make such exchanges.

Under the existing regulations of the Department of the Interior, any proposed exchange between the state and the United States must be examined by two separate agencies of the United States; first, by the Director of Grazing and thereupon "if and when" approved by him, then by the Director of the Division of Investigations. The Department of the Interior has not shown itself friendly to such exchanges and it is evident that under the regulations prescribed, it would be next to impossible to effect exchanges involving millions of acres of land. We have therefore suggested the following procedure to the Commissioner of the General Land Office:

"If you would send to Montana a representative of the Director of Grazing and a

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representative of the Director of the Division of Investigations to work with our field men, tentative exchange agreements could then be arrived at from the very beginning."

This should save a great deal of unnecessary work and greatly expedite the procedure.

We are anxious to effect exchanges that will consolidate both the state owned lands and the lands of the United States into suitable grazing units as far as practicable. Such exchanges and consolidations should also be helpful to the stockmen using the lands.

Both Senator Wheeler and Senator Murray have written to the Commissioner of the General Land Office recommending this simplification of land exchanges with the State of Montana.

State Legislation Formerly Proposed Would Obstruct the Exchange of Lands with the United States

Notwithstanding the fact that the exchange of lands with the United States and the resulting consolidation of state lands into suitable grazing units is one of the most urgent problems in the proper administration of state lands; notwithstanding the fact that it is exceedingly difficult to bring about these exchanges under existing laws and regulations of the United States; notwithstanding all of these things, the legislative assembly in 1935 attempted to pass legislation which would have made these exchanges and consolidations even more difficult, in fact, next to impossible. House Bill 191 passed by the House and Senate would have given to lessees of state lands a great deal of power and authority in passing upon proposed land exchanges with the United States. It provided for notices to be given to lessees, for protests by lessees against pending exchanges and for hearings on these protests. It was a bold attempt to transfer a considerable part of the power that the Constitution has vested in the State Board of Land Commissioners over the administration of state lands to lessees and users of these lands. No ordinary business institution could long continue to function if the price of its goods and the terms and conditions of the services it renders were to be fixed and determined by its customers. What would happen to a bank if the rate of interest on its loans and the time and conditions of repayment were to be determined by the borrowers? What would happen to the individual farmer if his lessee should fix the rentals and tell him if he should be allowed to trade off or sell his farm?

Governor Frank H. Cooney vetoed this legislation and his veto was sustained by a narrow margin.

It should be noted that under existing exchange regulations prescribed by the Department of the Interior ample publicity is given to proposed exchanges. When an application has been filed by the state at a local land office, such land office must publish a notice describing both the lands offered in exchange by the state and the lands selected in their place. The following is quoted from the regulations:

"Such notice must be published once a week for four consecutive weeks in some designated newspaper of general circulation in the county or counties in which may be situated the lands offered to the United States, and in the same manner in some like newspaper published in any county in which may be situated any lands to be selected in exchange a similar notice will be posted in the district land office during the required period of publication."

It is to be hoped that the membership of the next Legislative Assembly will better understand the urgent necessity of consolidating state owned land into suitable grazing units and pass a memorial addressed to the Secretary of the Interior urging simplification of the exchange regulations along the lines above suggested.

It is evident that such consolidation would be of great benefit to the lessees of the lands. If four sections of state lands or more are consolidated into one body it will pay to fence the lands, to develop a water supply, otherwise to improve the land and to utilize it in accordance with the best grazing practice.

The Same Attitude Toward the Taylor Grazing Act in Other States

Naturally the damaging effects of the Taylor Grazing Act on the administration of state lands are the same in the other Western States. The school sections scattered throughout grazing districts will be swallowed up by these districts; rentals will dwindle to negligible amounts, and it will be next to impossible to sell the lands at their fair value as contemplated by the granting acts. The boards and

TO: THE DIRECTOR, NATIONAL BUREAU OF STANDARDS
WASHINGTON, D.C. 20540

FROM: DR. J. J. HARRIS, JR.
DEPARTMENT OF PHYSICS
UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS 60637

SUBJECT: MEASUREMENT OF THE THERMAL EXPANSION COEFFICIENT OF
SILICON AT 25°C

1. SUMMARY: The thermal expansion coefficient of silicon at 25°C has been measured by the interferometric method. The result is $2.6 \times 10^{-6} / ^\circ\text{C}$.

2. INTRODUCTION: The thermal expansion coefficient of silicon is an important physical property which has been measured by a number of investigators. The most recent measurements have been made by the interferometric method. The results of these measurements are summarized in Table I. The present measurement was made by the interferometric method. The result is $2.6 \times 10^{-6} / ^\circ\text{C}$.

3. EXPERIMENTAL METHOD: The thermal expansion coefficient of silicon was measured by the interferometric method. The method involves the measurement of the change in the optical path length of a light beam as a function of temperature.

4. RESULTS AND DISCUSSION: The thermal expansion coefficient of silicon at 25°C has been measured by the interferometric method. The result is $2.6 \times 10^{-6} / ^\circ\text{C}$. This result is in good agreement with the results of other investigators.

5. CONCLUSIONS: The thermal expansion coefficient of silicon at 25°C has been measured by the interferometric method. The result is $2.6 \times 10^{-6} / ^\circ\text{C}$. This result is in good agreement with the results of other investigators.

6. REFERENCES: 1. J. J. Harris, Jr., *Phys. Rev.*, **171**, 1021 (1968).
2. J. J. Harris, Jr., *Phys. Rev.*, **171**, 1021 (1968).
3. J. J. Harris, Jr., *Phys. Rev.*, **171**, 1021 (1968).

7. ACKNOWLEDGMENTS: This work was supported by the National Bureau of Standards.

8. DISTRIBUTION STATEMENTS: This report is available to the public without charge.

9. AUTHOR'S ADDRESS: Dr. J. J. Harris, Jr., Department of Physics, University of Chicago, Chicago, Illinois 60637.

10. SUBJECT TERMS: Thermal expansion coefficient, silicon, interferometric method.

officers in charge of the administration of state lands throughout these states have become thoroughly aroused to the situation. A number of meetings have been held to urge amendments to the Taylor Grazing Act and simplification of the exchange regulations, making it easier to exchange scattered state lands for lands of the United States so as to consolidate the state owned lands into suitable grazing units.

On February 11 and 12, 1935, a meeting of representatives of nine Western Public Land Grant States was held at Denver, Colorado; on June 4, 1935, a smaller meeting of such representatives was held at Cheyenne, Wyoming; and on October 1 and 2, 1935, another meeting was held at Salt Lake City, Utah. Strong resolutions asking for amendments to the Taylor Grazing Act and the simplification of exchange regulations were passed at all the meetings. The resolutions adopted at the meeting in Salt Lake City suggest that the Secretary of the Interior shall prescribe:

"Regulations that will give the states the right to exchange a great number of tracts of state lands - if necessary, hundreds of separate tracts - for a great number of tracts of lands of the United States in one single transaction. The state should have the right to select lands, whether located inside or outside the boundaries of a grazing district, without interference from anyone."

The resolutions further recite:

"That in order to expedite the exchange of lands between the Federal government and the states which may desire such exchange, we recommend that upon application of any state for such exchange the Secretary of the Interior shall designate a representative of this department to act with a similar representative appointed by the proper state land officials to determine the relative values of the lands to be exchanged."

The resolutions reach the following conclusion:

"We feel that amendments along these lines are strictly necessary in order to do justice to the Western States in the protection of the land grants already made to them by the United States."

These resolutions are signed by representatives of the States of Arizona, California, Colorado, Idaho, Montana, New Mexico, North Dakota, Utah, Washington and Wyoming.

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LEASING OF STATE LANDS FOR OIL AND GAS
AND OTHER MINERALS

43.

The leasing of state lands for oil and gas exploration and development is governed by Chapter 108 of the 1927 Session Laws and amendments thereto. (Secs. 1882.1 to 1882.24, R. C. M. 1935).

Under this legislation, oil and gas leases on state lands are granted for a period not exceeding ten years and as long thereafter during the term of fifteen years commencing with the date of the lease as oil or gas in commercial quantities is produced from the land. The minimum annual rental is fixed at the flat rate of seventy-five cents per acre, but with a minimum total rental under each lease of \$50.00 per annum. No oil and gas lease shall include more than one section of land, but several leases may be issued to the same lessee. (Sec. 1882.2, R. C. M. 1935).

The statutes require that as a general rule at least one well shall be drilled under each lease within two years after the date of its issue, but power and authority is given to the State Board of Land Commissioners to extend the time for the commencement or completion of such drilling from year to year not exceeding ten years from the date of the lease upon such terms and conditions as the Board may determine. It has been the general practice of the Board to grant such extension of time upon the payment of a penalty of \$1.00 per acre per annum. Such extension of time for drilling does not release the lessee from the obligation of drilling offset wells. (Sec. 1882.6, R. C. M. 1935).

During the last fiscal year the penalties for failure to drill and for extension of time amounted to \$9,649.95.

In addition to these rentals and penalties for delay in drilling, there is reserved to the state a royalty on the oil and gas produced and saved of twelve and one-half per centum of the production. In case of heavy production a graduated scale of higher royalties becomes effective.

The royalty on gas is fixed at the flat rate of twelve and one-half per centum.

The lessee is required to furnish a surety company bond in the amount of \$1,000.00 conditioned for the faithful performance of his obligations under the lease, and the State Board of Land Commissioners reserves the right to increase this bond if found necessary.

On January 22, 1934, the State Board of Land Commissioners decided to advertise all applications for oil and gas leases in two issues of the Montana Oil Journal before granting such applications. In the case of more than one applicant, the lease will be issued to the highest and best bidder.

All rentals on oil and gas leases are credited to the Income Fund of the school or institution to which the lands belong; all royalties are added to the permanent funds. All rentals on coal leases are regarded as payment of royalties for the coal taken and are therefore added to the permanent funds.

During the two fiscal years covered by this report oil royalties amounting to \$4,524.24 were obtained from lands in and adjoining the townsite of Cut Bank belonging to the Capitol Building Grant, see Tables II and VI. With this exception all oil so far discovered on state lands has been on lands belonging to the public schools, which constitute approximately ninety per centum of all state owned lands.

TABLE NO. XV
OIL AND GAS, COAL AND MINING LEASES IN EFFECT JUNE 30, 1936

Grant	Number	Acreage	Annual Rental
<u>Oil and Gas Leases</u>			
Public School Lands	117	45,724.95	\$35,659.25
Public Building Lands	5	499.29	403.96
Farm Loan Lands	9	2,560.00	1,920.00
Totals	131*	48,784.24	\$37,983.21
<u>Coal Leases</u>			
Public School Lands	15	3,750.00	\$ 1,175.00

*The annual rentals on the oil and gas leases in effect on June 30, 1936, as above given, average a little more than 75¢ per acre, resulting from granting leases through competitive bidding.

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Outside of coal, oil and gas leases, there were only three mineral leases in effect on June 30, 1936, as follows:

Lease No.	Sec.	Twp.	Rge.	Acres	County	Annual Rental	Purpose for Which Leased
3. Part	16	25N	23W	135	Flathead	\$101.25	Mining of Silver, Lead, etc.
5. Part	36	9N	13W	240	Granite	180.00	Phosphate Production
6. Parts 20, 21,28,29		27N	14E	640	Chouteau	160.00	Granite Quarrying

So far commercial production has not been obtained under any of these leases and consequently no royalties have been received. On account of lack of demand for phosphate rock as fertilizer, the holder of mining lease No. 5 has^{been} granted a moratorium and the rentals during the moratorium have been reduced.

TABLE NO. XVI

RENTALS AND ROYALTIES ON COAL, OIL AND GAS LEASES
COLLECTED BY THE STATE OF MONTANA
From December 1, 1918, to June 30, 1936

Fiscal Year Ending	Rentals and Royalties On Coal Leases	Rentals on Oil and Gas Leases	Oil and Gas Royalties	T O T A L S
Nov. 30, 1919	\$11,225.84	\$15,243.20	None	\$26,469.04
Nov. 30, 1920	11,486.53	55,901.00	None	67,387.53
June 30, 1921	4,539.74	*29,601.27	None	34,141.01
June 30, 1922	5,923.20	*29,601.27	\$2,759.71	38,284.18
June 30, 1923	5,148.53	83,430.70	5,132.25	93,711.48
June 30, 1924	4,239.50	39,832.78	6,905.82	50,978.10
June 30, 1925	1,733.25	33,950.00	8,504.13	44,187.43
June 30, 1926	2,254.64	32,300.00	185,189.46	219,744.10
June 30, 1927	1,334.51	38,260.00	313,997.30	353,591.81
June 30, 1928	2,549.45	92,849.78	155,639.97	251,039.20
June 30, 1929	2,033.90	56,147.89	138,806.57	196,988.36
June 30, 1930	1,810.23	93,279.04	150,471.53	245,560.80
June 30, 1931	1,652.41	59,049.36	61,477.33	122,179.10
June 30, 1932	2,555.00	34,093.94	61,331.76	97,980.70
June 30, 1933	1,860.51	23,671.21	33,701.30	59,233.02
June 30, 1934	2,505.99	31,924.77	44,289.94	78,720.70
June 30, 1935	2,432.19	27,929.97	50,286.88	80,649.04
June 30, 1936	5,018.54	35,844.59	85,272.65	126,135.78
TOTALS	\$70,323.96	\$812,910.77	\$1,363,816.65	\$2,187,051.38

*Rentals for the two years averaged.

Of the oil and gas royalties above listed \$4,524.24 received during the last two fiscal years belongs to the Capitol Building Grant and have been expended in the payment of outstanding capitol building bonds. The entire balance of the oil and gas royalties above enumerated has come from lands belonging to the public schools and have been added to the Public School Permanent Fund of which they have become an inseparable and inviolable part.

It should be a source of considerable satisfaction to the people of the state that a portion of the proceeds from these natural resources has become a part of the Public School Permanent Fund and will thus aid in the support of education not only in the present, but probably through centuries to come.

1. The first part of the report is a general statement of the results of the investigation. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

2. The second part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

3. The third part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

4. The fourth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

5. The fifth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

6. The sixth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

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8. The eighth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

9. The ninth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

10. The tenth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

11. The eleventh part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

12. The twelfth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

13. The thirteenth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

14. The fourteenth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

15. The fifteenth part of the report is a detailed account of the work done during the year. It is a summary of the work done during the year, and is intended to give a general idea of the progress of the work.

STATE LANDS PRODUCING OIL AND GAS, JUNE 30, 1936

(A) State Lands Producing Oil

Subdivision	Sec.	Twp.	Rge.	Acres	Total of State's	Average Price
					Royalty Oil in Bbls. July 1, 1935 to June 30, 1936	During Year per Bbl.
<u>CAT CREEK FIELD:</u>						
All	16	15N	30E	640	173.85	\$1.48
<u>PONDERA FIELD:</u>						
All	16	27N	4W	640	10,116.16	1.03
<u>KEVIN-SUNBURST FIELD:</u>						
NW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$	7	34N	1W)	240	282.91	1.21
W $\frac{1}{2}$ SW $\frac{1}{4}$	8	34N	1W)	80		
All	36	34N	1W*	640	114.47	1.24
All	16	35N	1W	640	74.22	1.19
Lots 1, 2, 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	30	35N	1W	266.44	4,332.05	1.22
All	16	35N	2W	640	1,555.46	1.20
SE $\frac{1}{4}$, SE $\frac{1}{2}$ NE $\frac{1}{4}$	25	35N	2W	200	2,671.23	1.21
All	36	35N	2W	640	8,830.63	1.22
W $\frac{1}{2}$	36	36N	2W	320	368.67	1.19
<u>CUT BANK FIELD:</u>						
All	16	32N	5W	640	2,331.33	1.46
All (fractional	12	33N	6W	118	1,792.22	1.46
Lot 1	36	33N	6W			
Lot 4	25	33N	6W	15	381.85	1.42
N $\frac{1}{2}$, SE $\frac{1}{4}$, SE $\frac{1}{2}$ SW $\frac{1}{4}$	36	34N	6W	520	3,691.86	1.46
W $\frac{1}{2}$	16	35N	5W	320	949.55	1.46
S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$	26	35N	6W	160	490.84	1.43
W $\frac{1}{2}$	36	35N	6W	200	3,994.84	1.47
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	27	36N	5W*			
SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	28	36N	5W*	160	25.65	1.55
TOTALS				7,199.44	42,777.79	

*Produces gas also.

(B) State Lands Producing Gas

					Total of State's Royalty Gas in M Average Price Cu.Ft. July 1, 1935 During Year to June 30, 1936 Per M.Cu.Ft.
Subdivision	Sec.	Twp.	Rge.	Acres	
<u>BAKER FIELD:</u>					
NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	16	8N	59E	480	15,924 \$0.03 $\frac{1}{2}$
All	36	8N	59E	640	19,976 .05
All	36	9N	58E	640	16,475 .05
SE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$	32	9N	59E	320	7,225 .03 $\frac{1}{2}$
All	16	10N	58E	640	4,271 .05
<u>SOUTH OF CHINOOK:</u>					
N $\frac{1}{2}$	16	31N	19E	320	8,350 .05
<u>BOVDON FIELD:</u>					
All	36	32N	32E	640	4,405 .05
All	16	31N	34E	640	25,986 .05
<u>KEVIN FIELD:</u>					
All	16	33N	1W	640	1,889 .05
All	36	33N	2W	640	5,136 .05
W $\frac{1}{2}$	16	34N	1W	320	6,262 .05
W $\frac{1}{2}$	36	34N	1W	320	1,323 .04
N $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$	36	35N	3W	240	1,326 .05

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(B) State Lands Producing Gas (continued)

Subdivision	Sec.	Twp.	Rge.	Acres	Total of State's	
					Royalty Gas in M Cu.Ft. July 1, 1935 to June 30, 1936	Average Price During Year Per M.Cu.Ft.
<u>CUT BANK FIELD:</u>						
SW $\frac{1}{4}$ SW $\frac{1}{4}$	2	35N	5W*	40		
NW $\frac{1}{4}$	11	35N	5W*	160	20,049	.043
E $\frac{1}{2}$	9	35N	5W*	320	22,205	.043
S $\frac{1}{2}$ SW $\frac{1}{4}$	27	36N	5W*	80		
NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$	34	36N	5W*	240	25,195	.043
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	27	36N	5W*			
SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	28	36N	5W*	160	3,158	.043
All	36	36N	5W*	640	40,316	.043
TOTALS				8,120	229,496 M cu. ft.	

*These eight leases also produce 114,990 gallons of State's royalty casinghead gasoline and 24,086 gallons State's royalty butane for which the lessee paid the state 2¢ per gallon.

The oil and gas royalties enumerated in these tables are the royalties actually accruing to the state during the year beginning July 1, 1935, and terminating June 30, 1936. The royalty payments to the state during this period will not exactly correspond as royalties are not payable until the month following the month in which the oil and gas were produced. Large payments of delinquent royalties from former years were also made during the last fiscal year. See next heading.

Delinquent Oil Royalties From
Dr. Boris A. S. Aronow Collected

The 1934 report of this department called attention to the fact that a suit was pending against Dr. Boris A. S. Aronow of Shelby for payment of 10,820.86 barrels of royalty oil amounting to \$18,926.46. The royalties have now been paid in full. A dispute had arisen between Dr. Aronow and the Texas Pacific Coal and Oil Company as to whether Dr. Aronow or the Texas Pacific Coal and Oil Company should make payment for 1,432.09 barrels of this royalty oil. Dr. Aronow assigned all his right, title and interest in this royalty accruing from the Texas Pacific Coal and Oil Company to the state.

On April 15, 1936, Dr. Aronow and the United States Casualty Company, surety on his bond, made the following payment:

For the royalty oil itself	\$16,561.05	
Interest	2,438.35	
Total		\$19,000.00

Later on the Texas Pacific Coal and Oil Company paid for the 1,432.09 barrels as follows:

For the royalty oil itself	\$ 2,489.07	
Interest	945.85	
Total		\$ 3,434.92
Total Amount Received Under the Suit		\$22,434.92

It amounts to this, that the state received full payment for every barrel of royalty oil involved at the posted field price and in addition thereto a premium of twelve and one-half cents per barrel and interest amounting in all to more than \$3,500.00.

The 1934 report also mentions the fact that Attorney General Raymond T. Nagle had brought suit against the Conrad Refining Company of Conrad, Montana, for payment of state royalty oil delivered prior to December 31, 1933, amounting to \$7,183.77.

The state obtained two judgments against the Conrad Refining Company, one in the sum of \$5,111.85 and one for \$2,947.30. The judgment for \$5,111.85 was settled and paid by the surety company, but the judgment for \$2,947.30 remains unpaid. The Conrad Refining Company went into bankruptcy and its assets are being liquidated for the benefit of the creditors including the state.

6. What is the purpose of the study?

$\frac{d}{dt} \left(\frac{\partial L}{\partial \dot{x}} \right) = \frac{\partial L}{\partial x}$

1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

$\frac{d}{dt} \left(\frac{\partial L}{\partial \dot{x}} \right) = \frac{\partial L}{\partial x}$

Figure 1. The effect of the number of iterations on the accuracy of the proposed algorithm. The accuracy of the proposed algorithm increases with the number of iterations. The accuracy of the proposed algorithm is 100% when the number of iterations is 1000.

Figure 1 illustrates the experimental setup. A participant is seated at a table, looking at a screen. The screen displays a 4x4 grid of 16 small images. The participant is instructed to identify the image that is different from the others. The screen also shows the number of correct responses (e.g., 15/16) and the time taken to respond (e.g., 1.2 s).

EASEMENT DEEDS TO STATE LANDS ISSUED FROM
JULY 1, 1934, TO JUNE 30, 1936.

(Numbers 2021 to 2209, inclusive)

For What Purpose	No. of Deeds Issued	Acres	Compensation	Fees
Rights of Way for Public				
Highways	108	623.25	\$12,381.77	\$540.00
Telephone, Telegraph, Pipe & Power Lines	70	79.62	2,945.97	350.00
School House Sites	1	1.00	25.00	5.00
Canals and Ditches	7	85.11	580.00	35.00
Cabin Sites	3	.62	50.00	15.00
TOTALS	189	789.60	\$15,982.74	\$945.00

The foregoing tabulation applies to the easement deeds actually issued from July 1, 1934, to June 30, 1936. Applications for right of way easements are always placed before the State Board of Land Commissioners and allowed before any deeds are issued; payment must also be made before the execution and delivery of the deeds. In many cases considerable time will therefore elapse between the granting of the application and the actual issue and execution of the deed.

In numerous instances the right of way deeds issued apply to lands under purchase contract from the State, and in cases of this kind the compensation for the easement is frequently applied on installments on the purchase contract and included in the reports of this department under the heading "Installments on Land Sales". The items given as compensation in the foregoing tabulation show the actual consideration paid for the easements obtained irrespective of whether part of the compensation was applied on purchase contracts or not.

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

RESEARCH REPORT

BY

DR. J. H. DILLON

AND

DR. R. M. M. M.

CHICAGO, ILLINOIS

1950

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MORRISON CAVE STATE PARK

(Located in Township 1 North of Range 2 West, Jefferson County)

Under Chapter 111 of the 1929 Session Laws, being Sections 1842.1, 1842.2 and 1842.3, R. C. M. 1935, the State Board of Land Commissioners is authorized to create and establish state parks, to receive grants of land for such parks and to establish regulations for their protection, use and preservation. The late Governor Frank H. Cooney took a great deal of interest in providing recreational areas for the people of the state. In October, 1935, the late Governor appointed Mr. B. Joe Wilson of Polson, Montana, as State Park Authority to have general charge of work connected with the selection and improvement of state parks.

Years ago a large limestone cavern was discovered in Section 17 of Township 1 North of Range 2 West in Jefferson County, locally known as the Morrison Cave, being so named after the discoverer. By proclamation dated May 11, 1908, President Theodore Roosevelt created this cavern and surrounding land into the "Lewis and Clark Cavern National Monument". That was before the land had been surveyed. When the tract had been definitely surveyed and a quit claim deed thereto had been obtained from the Northern Pacific Railway Company, another proclamation was issued by President William H. Taft again creating this cavern and adjoining lands as the "Lewis and Clark Cavern National Monument". This proclamation was issued on May 16, 1911, and the area of the tract is given in the township plat as 461.72 acres.

It occurred to the late Governor that the land embracing this cave and adjoining lands would be suitable for the establishment of a state park. It appears to have been his idea that title could be obtained from the United States to the land constituting this national monument, and the intended state park could thus be made to include both the cavern and the necessary areas of adjoining lands.

The late Governor and subsequently the State Board of Land Commissioners made application to the Northern Pacific Railway Company for the grant of lands owned by it adjoining and in the vicinity of the Lewis and Clark Cavern National Monument. The railway company was most generous in responding to these applications and made two separate grants to the State of Montana to be used for park purposes embracing in all 650.06 acres located in Sections 17 and 21 of the same township and range.

The adjoining Section 16 was owned by the State of Montana and this land was also wanted for use as part of the proposed park. It should be noted that Chapter 111 of the 1929 Session Laws under which the park is being created authorizes the State Board of Land Commissioners "to set aside any suitable tract or tracts of state lands" for park purposes. The question of whether or not this authorization was in accordance with the state constitution was submitted to the Attorney General for his opinion. In an opinion written June 15, 1936, the Attorney General, through Special Assistant Attorney General Wesley W. Wertz, ruled that this authorization was in conflict with specific provisions of the state constitution. The opinion reads in part as follows:

"The State of Montana does not own outright any of the lands granted to the State by Congress but, as is provided in Section 1 of Article XVII of the State Constitution, said lands 'shall be held in trust for the people, to be disposed of as hereafter provided, for the respective purposes for which they have been or may be granted, donated or devised'. It follows, therefore, that the State Board of Land Commissioners may not set aside for any purpose any lands acquired by the State under and by virtue of the Enabling Act unless the 'full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the State' as required by the amendment to Section 11 of the Enabling Act which amendment was approved by the President May 7, 1932 and accepted by the State of Montana by Chapter 84, Laws of 1933 and as required by Section 1 of Article XVII of the State Constitution."

It was thereupon proposed by the board of county commissioners of Jefferson County that it would give the State of Montana other lands owned by the county of equal or greater value than this section in exchange and that the county would thereupon deed this section to the state for park purposes. This proposition was accepted. The state is to receive from Jefferson County in exchange for the said Section 16 all of Section 27, Township 2 North of Range 3 West. The deal will be completed as soon as Jefferson County has established clear title to the said Section 27.

A great deal of work has been performed by agencies of the United States through the Civilian Conservation Corps. A camp was established in the vicinity of the proposed park in August, 1935. The cavern has been cleared up, passage ways opened up and other improvement work performed. Numerous trails have been built and at the present time a road building project is under way through the said

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Section 16 leading to the cavern. All of this work is being performed without any expense whatever to the State of Montana.

The final act of the State Board of Land Commissioners in creating the Morrison Cave State Park was not taken until the month of July, 1936, but in order that the entire proceedings may be available for the information of the public, the resolution creating the first state part in Montana is embodied herein. It reads as follows:

"CREATION, ESTABLISHMENT AND DEDICATION OF
MORRISON CAVE STATE PARK

WHEREAS, the Northern Pacific Railway Company through warranty deeds has donated and granted to the State of Montana for park purposes, subject to the reservation of all minerals therein and also subject to rights of way, the following described lands:

Lots four (4), five (5), six (6), seven (7), eight (8), nine (9) and north half of northeast quarter of Section seventeen (17), in Township one (1) North, of Range two (2) West of the Montana Principal Meridian, containing according to the United States Government Survey two hundred sixty-two and 56/100 (262.56) acres (Deed No. 28247E); and

North half of Section twenty-one (21), in Township one (1) North of Range two (2) West of the Montana Principal Meridian, also those portions of lots one (1), two (2) and three (3) of said section, lying northerly of a line drawn parallel with and distant fifty (50) feet northerly, measured at right angles from the center line of the main tract of the Butte line of the Northern Pacific Railway Company as the same is now constructed and operated; also lot four (4) of said section, excepting a strip of land one hundred fifty (150) feet wide, being fifty (50) feet wide on the northerly side and one hundred (100) feet wide on the southerly side of said main tract center line, the premises herein described containing three hundred eighty-seven and 50/100 (387.50) acres (Deed No. 28341E);

containing 650.06 acres, more or less;

WHEREAS, the said lands adjoin the Lewis and Clark National Monument located in Section 16, Township 1 North, Range 2 West, in Jefferson County, State of Montana, and the land within the said Lewis and Clark National Monument contains what is commonly known as the Morrison Cave, which cave constitutes a great attraction for tourists, sight-seers, students of natural wonders, explorers and other people, and is annually visited by thousands of persons;

WHEREAS, the Department of the Interior of the United States through Civilian Conservation Corps (CCC Camps) has expended more than \$21,000.00 in the development of the so-called Morrison Cave in order to make it more accessible to the public; and it is expected that the government of the United States will continue to expend large sums of money in the improvement of the said cave;

WHEREAS, the cave is now regarded as the third largest cave in the United States, the Mammoth Cave of Kentucky ranking first, the Carlsbad Cave in New Mexico ranking second and this cave in the State of Montana ranking as the third largest; and this cave is rapidly becoming a great asset to the State of Montana both as a strong attraction for tourists and in the special opportunity that it affords for the study of geology;

WHEREAS, the aforesaid lands donated and granted by the Northern Pacific Railway Company to the State of Montana for park purposes, containing 650.06 acres, are needed for the full enjoyment of the natural wonders of the said Morrison Cave in connection with the building and construction of roads and trails leading to the said cave and for camping and recreational purposes;

WHEREAS, we deem the said lands suitable for camping and recreational purposes and find that they are required for the building and construction of roads and trails connecting the said cave with public highways, railroads and other means of transportation; and

WHEREAS, authority has been vested in the State Board of Land Commissioners of the State of Montana by Chapter 111 of the Laws of the State of Montana of 1929 (Sess. 1842.1, 1842.2 and 1842.3 of the Revised Codes of Montana of 1935) to set aside land under its administration for public camping and recreational uses as State Parks and to create and establish State Parks;

NOW, THEREFORE, BE IT RESOLVED, by this Board that we do hereby set aside all of the said lands donated and granted by the Northern Pacific Railway Company to the

1. The first part of the document is a list of names and addresses of the members of the committee.

2. The second part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

3. The third part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

4. The fourth part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

5. The fifth part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

6. The sixth part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

7. The seventh part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

8. The eighth part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

9. The ninth part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

10. The tenth part of the document is a list of the names and addresses of the members of the committee who have been elected to the office of the committee.

State of Montana, containing 650.06 acres, for public camping and recreational uses, and we do hereby create, establish and dedicate the Morrison Cave State Park including all of the said lands."

It should be noted that the State Board of Land Commissioners has not taken any action whatever with regard to attempting to obtain title from the United States to the land contained within the boundaries of the Lewis and Clark Cavern National Monument. Officially the Board has not reached any decision on this point. The question may, of course, be raised if it would not be advantageous to the state to let this national monument remain in its present status as this would in all probability result in substantial appropriations from the Treasury of the United States for its improvement, maintenance and administration.

1. The first part of the paper is devoted to a general discussion of the problem of the existence of solutions of the system of equations

which are satisfied by the functions $u_i(x, y, z)$ and $v_i(x, y, z)$ in the domain G of the space E_3 . The system of equations is written in the form

Under the provisions of Chapter 180 of the 1931 Session Laws being Secs. 1995.1 to 1995.6, R. C. M., 1935, the State Board of Land Commissioners has authority to exchange state timber lands for other timber lands of equal or higher value when such exchange in the opinion of the Board will be in the public interest.

At a meeting of the State Board of Land Commissioners held February 21, 1936, the State Forester placed before the Board a proposed exchange of timber lands between the Anaconda Copper Mining Company and the State of Montana which exchange would result in consolidating the state owned timber lands into more compact bodies and otherwise be of advantage to the state. The proceedings were carried on in full accordance with the provisions of the statutes and the proposed exchange was advertised in the Daily Missoulian on March 15, 22 and 29, 1936. This notice gives complete information in regard to the entire transaction and is therefore reproduced herein, as follows:

"NOTICE OF PROPOSED EXCHANGE

OF

STATE FOREST LANDS

FOR

FOREST LANDS OF THE ANACONDA COPPER MINING COMPANY

in the Bitterroot Valley

Under the provisions of Chapter 180, Laws of 1931, the Anaconda Copper Mining Company has proposed to the State Board of Land Commissioners of the State of Montana to exchange certain timber lands owned by it for certain timber lands owned by the State of Montana and belonging to its grant for Public Schools and to its grant for Public Buildings.

The lands offered in exchange by the Anaconda Copper Mining Company are described as follows:

Part of Section	Sec. No.	Twp. North	Rge. West	Acres
Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	1	1N	19W	120.17
Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$	5	"	"	161.20
SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	14	"	"	80
N $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$	22	"	"	160
NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$	23	"	"	360
SW $\frac{1}{4}$ SW $\frac{1}{4}$	24	"	"	40
NW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$	26	"	"	240
SW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$	27	"	"	120
E $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$	34	"	"	120
NE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$	35	"	"	440
S $\frac{1}{2}$	10	2N	"	160
E $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$	17	"	"	398
W $\frac{1}{2}$	20	"	"	318.89
S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$	23	"	"	160
SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$	24	"	"	200
All	25	"	"	640
SW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	26	"	"	240
N $\frac{1}{2}$ SE $\frac{1}{4}$	27	"	"	80
S $\frac{1}{2}$ SW $\frac{1}{4}$	28	"	"	80
E $\frac{1}{2}$ SW $\frac{1}{4}$	29	"	"	79.58
NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$	32	"	"	279.88
N $\frac{1}{2}$ NE $\frac{1}{4}$	34	"	"	80
N $\frac{1}{2}$ NW $\frac{1}{4}$	35	"	"	80
Total Acreage				4,636.72

The state lands proposed to be given in exchange are described as follows:

Part of Section	Sec. No.	Twp. North	Twp. West	Acres
All	16	9N	18W	640
S $\frac{1}{2}$ SW $\frac{1}{4}$	30	10N	"	78
All	16	3N	20W	660

7. The Commission has been informed that the Government of the Republic of Armenia has agreed to accept the Commission's findings and recommendations.

THE UNIVERSITY OF CHICAGO

CONCLUSIONS

100

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<u>Part of Section</u>	<u>Sec. No.</u>	<u>Twp. North</u>	<u>Rge. West</u>	<u>Acres</u>
E ₁	36	3N	20W	320
SE ₁ NE ₁ , W ₁ SE ₁	18	9N	18W	120
N ₁ NW ₁	30	"	"	80.55
NE ₁ NE ₁ , SE ₁ NW ₁	20	10N	"	80
N ₁ SE ₁	28	"	"	480
S ₁ SE ₁	30	"	"	80
Total Acreage				2,538.55

The State Forester has caused a thorough examination and investigation to be made of all lands involved in such proposed exchange; has made a written report to the State Board of Land Commissioners embracing all of such lands giving the area of each tract concerned; the estimated amount of each species of timber thereon; the estimated value thereof; giving consideration to every known factor relating to such proposed exchange; and concluding that the proposed exchange would be for the best interest of the state, and recommending that the Board approve the exchange.

At a meeting held February 21, 1936, the State Board of Land Commissioners examined the said report of the State Forester; concluded that the proposed exchange would be in the public interest, in this that it would increase the value of the state owned lands in question; gave its preliminary approval to the exchange; and ordered a notice of the proposed exchange to be published in the Daily Missoulian, a newspaper of general circulation in Ravalli County, in which all the said lands are located.

The State Board of Land Commissioners will meet at its usual meeting place in the State Capitol on Wednesday, April 8, 1936, to hear objections to the proposed exchange. Any person, firm or corporation may appear in person or by representative and be heard thereon.

THE STATE BOARD OF LAND COMMISSIONERS
BY I. M. BRANDJORD, Secretary."

No objection whatever was raised by anyone against the pending exchange.

Abstract of title was furnished by the Anaconda Copper Mining Company, and both this abstract and the warranty deed conveying the land to the state were examined and approved by the Attorney General.

Both the lands exchanged by the state and the lands received by the state were conveyed without any mineral reservations.

The final approval of the completed exchange was given by the State Board of Land Commissioners on July 30, 1936.

The state's land was conveyed to the Anaconda Copper Mining Company through patent D-55 and this patent describes both the lands granted by the state and the lands received in exchange.

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SUMMARY OF ALL LAND SALES FOR THE TWO FISCAL YEARS BEGINNING JULY 1, 1934, AND TERMINATING JUNE 30, 1936.

[illegible]

TOTALS FOR BOTH YEARS	23,732.09:	\$277,608.12:
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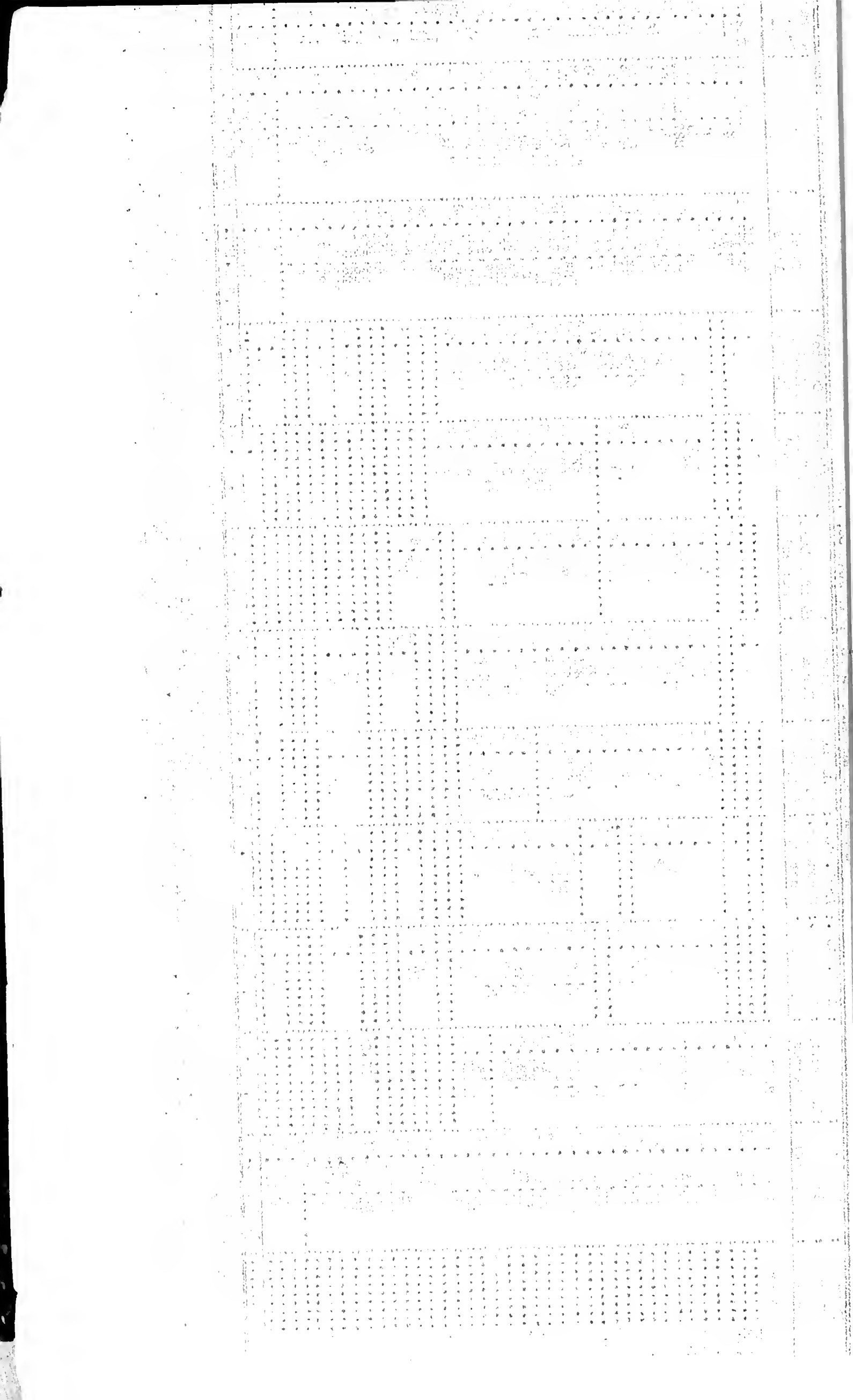
*In the six counties so marked there are included sales to the United States of 7,462 acres for the Fort Peck Project at a total sales price of \$37,465.25. These sales were made under Chapter 37, Laws of the Extra Session of the Legislative Assembly of 1933-34. In this table the sales are given by fiscal years. In Table No. XX the sales are given by calendar years in accordance with the usage of former years, except, of course, that for 1936 only the first six months are given. As a result the figures of the two tables will not agree as to specific years, but the totals will agree.

SUMMARY OF ALL LAND SALES UP TO JUNE 30, 1936

Fiscal Year	Public School (acres)	University (acres)	Morrill Gt. (acres)	Agri. Col. (acres)	School of Mines (acres)	State Normal (acres)	State Deaf & Dumb (acres)	State Reform (acres)	Capitol Buildings (acres)	Total Acres	Total Sales Price	Average Price Per Acre
1897 and Prior Years	10,070.76	2,870.13				80.00		960.00	641.98	14,622.87	\$186,280.89	\$12.739
1898	1,816.06	160.00				160.00			40.00	2,176.06	24,075.50	11.063
1899	2,442.03	608.42					560.00			3,726.75	41,110.00	11.031
1900	760.00	82.70								842.70	12,092.00	14.349
1901	2,076.00	520.00	233.28	40.00	262.81	363.13	280.00	339.40	622.80	4,737.42	61,029.90	12.882
1902	9,031.29	3,560.90	80.00	286.90	193.00	417.26	17.20	320.00	1,400.30	15,409.65	227,226.24	14.745
1903	10,294.29	1,334.95	416.06	781.85	1,190.98	1,027.12	376.54	17.20	945.08	16,384.07	175,084.66	10.686
1904	6,227.41	1,716.90	338.43	247.52	9.37	1,102.90	8.58	6.08	208.06	18,865.25	142,118.02	16.030
1905	5,878.82	828.67	103.37	120.00	409.83	524.18	1,000.00	40.00	1,301.34	10,206.21	114,836.31	11.251
1906	16,676.28	520.00	392.48	760.00	373.58	368.86	778.41	487.37	2,041.12	22,598.10	287,407.43	12.718
1907	19,331.27	1,121.72	3,820.75		7,182.18	9,358.26	2,056.15	1,937.02	9,904.27	54,711.62	777,512.20	14.211
1908	16,356.36	1,117.29	9,344.06		5,640.06	4,802.31	3,470.64	640.00	9,650.15	51,020.81	604,288.00	11.843
1909	3,800.86	36.98		993.81	14.78	494.42			660.79	5,007.89	80,398.50	16.054
1910	97,856.38	9,507.15	1,035.07		11,364.96	5,710.04	320.00	329.53	16,236.85	142,338.72	2,733,171.98	19.201
1911	51,704.06	640.00	3,920.11		475.55	282.00	1.23	160.00	2,600.00	56,897.91	729,388.72	12.819
1912	198,253.13	2,537.52	1,963.21	2,836.04	6,657.43	1,604.84	700.00	875.48	2,820.24	210,210.86	3,389,868.37	16.126
1913	84,513.79	1,309.73	1,963.21	2,219.40	2,107.41	2,632.98	440.00	3,271.32	5,048.61	103,506.45	1,670,852.23	16.142
1914	19,050.32	23.02	280.00	1,218.65		3.93	313.18	1,596.60	647.36	23,133.06	325,712.85	14.079
1915	5,745.26	861.78	1,850.08	235.85	1,910.93	931.08	151.38	914.96	1,404.71	62,341.03	971,463.59	15.583
1916	113,770.54	1,720.62	2,720.18	1,480.00	1,999.86	1,579.07	1,167.81	200.83	869.69	125,668.60	1,979,599.19	15.751
1917	66,071.51	557.21	1,840.00	560.00	3,843.07	240.00	1,840.00	1,410.78	884.40	77,246.97	1,215,123.28	15.691
1918	102,584.68		2,489.34	14.63	2,921.74	1,282.79	211.70	440.00	274.88	110,219.76	1,870,368.24	16.960
1919	145,905.46	160.00	785.06			1,288.11	1,360.00	240.22	6,311.81	158,048.92	2,491,803.44	15.766
1920	22,096.93	1,042.00	720.22	232.50	1,765.76			160.32	251.23	24,270.70	369,095.36	15.207
1921	2,438.44							480.00		2,918.44	47,571.91	16.300
1922	650.01						4.31			654.32	7,391.32	11.296
1923	731.91	79.90					831.25			1,643.06	16,430.60	10.000
1924	145.23	120.00					22.59		1.11	299.33	4,466.98	14.856
1925	2,026.62						40.60			2,067.42	49,892.54	24.123
1926	53,088.14									53,146.98	750,960.29	14.129
1927	46,592.89									46,592.89	653,190.81	14.019
1928	25,881.72	57.22		160.00		680.00			445.41	28,008.81	503,170.66	17.954
1929	116,201.05		494.60		764.46	80.00				117,714.55	1,640,782.70	13.94
1930	2,362.25		400.00	160.72	880.00	702.88			557.32	27,473.17	426,615.16	15.53
1931	1,431.00									1,431.00	18,546.00	12.13
1932	1,346.50									1,346.50	18,829.40	14.00
1933	808.32								17.00	825.32	6,755.33	8.184
1934	11,015.75		240.00		680.00	18.56			1,565.70	13,520.01	142,050.81	10.51
1935	2,193.52							161.70		2,355.22	35,223.53	14.955
1936												
TOTALS	1,340,232.44	31,894.91	33,001.20	12,465.20	51,927.70	35,984.35	16,013.84	14,989.81	67,372.21	1,604,189.40	\$2,797,784.94	\$15.458

As already explained in this report, a great number of sales contracts have been cancelled on account of delinquency in payments. The cancellations are not taken into account in this summary; the summary shows the results of the sales as they were made.

Under the Enabling Act as originally passed by Congress, the minimum sales price on all lands was \$10.00 per acre. On May 7, 1932, the President approved an amendment to this act reducing the minimum sales price on grazing lands to \$5.00 per acre. (Vol. 47, U. S. Stat. 150). The minimum sales price of \$10.00 per acre on agricultural lands was retained. See Page 2 of this report for the full text of the amendment. This amendment has been accepted by the State of Montana through Chapter 84 of the 1933 Session Laws (Sec. 11 of Enabling Act); and the minimum sales price on grazing lands has been reduced to \$5.00 per acre through Chapter 177 of the 1933 Session Laws. (Sec. 1805.75, R. C. M. 1935).



ITEMIZED STATEMENTS OF INVESTMENTS MADE FROM
JULY 1, 1934 TO JUNE 30, 1936

55.

The following tables numbered XXI and XXII constitute a complete, itemized and exact statement of all investments in bonds and warrants actually made by this department from July 1, 1934, to June 30, 1936. The total of these investments for the first of these two fiscal years is \$758,862.51, and the total for the second fiscal year is \$2,560,082.80, making a total of \$3,318,945.31 for the two years.

The tables show the actual payments made during these two years for bonds and warrants purchased. As a general rule bonds are not available for delivery and payment at the time they are sold. The tables show all the warrants and bonds that were actually paid for during the two year period.

It will be noted that a few of the payments for bonds are in odd amounts. This is due to the fact that in some cases bonds were not presented for payment until after the first installment had become due, and in cases of this kind the first coupon was clipped from the bond before it was presented for payment and the principal of the bond was reduced accordingly.

From year to year the State Board of Land Commissioners has authorized its secretary to purchase on behalf of the Board individual bond issues of not more than \$10,000.00 each without consulting the Board. This practice was followed throughout the two year period covered by this report. In the case of all bond issues above \$10,000.00, the authorization of the Board has been obtained before placing bids.

The proceedings for every bond issue purchased, without any exception whatever, has received the unqualified approval of the Attorney General before payment was made.

Table No. III found in the early part of this report constitutes a summary and classification of the investments listed in Table No. XXI.

Table No. VII constitutes a summary and classification of the investments listed in Table No. XXII.

Tables No. III and No. VII contain considerable additional information in regard to these investments.

REPORT ON THE PROGRESS OF THE WORK DURING THE YEAR 1900

The first part of the report deals with the work done during the year. It is divided into two main sections: the first section deals with the work done in the laboratory, and the second section deals with the work done in the field.

The work done in the laboratory was of a general nature, and was directed towards the study of the properties of the various substances which were used in the experiments.

The work done in the field was of a more practical nature, and was directed towards the study of the various factors which influence the growth of the plants.

The results of the work done in the laboratory are given in the following tables, and the results of the work done in the field are given in the following tables.

The work done during the year has been of a very satisfactory nature, and it is hoped that the results will be of great value to the scientific community.

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INVESTMENTS MADE FROM JULY 1, 1934, TO JUNE 30, 1935

By Whom Issued	County	Kind of Bond	Amount	Int. Rate	our Pay- ment Ord.	Number of	Fund Invested	Date of Issue	Final Due Date
School District No. 25	Lewis and Clark	Amortization Building	\$ 4,000.00	5½%	No. 2328	Deaf and Dumb Asylum		6-1-34	6-1-54
School District No. 25	Lewis and Clark	"	4,000.00	5½%	No. 2330	Montana Trust and Legacy		6-1-34	6-1-54
School District No. 8	Granite	Serial Building	7,000.00	5½%	No. 2332	Deaf and Dumb Asylum		7-1-34	7-1-54
State of Montana		University Millage Warrants	26,356.29	4%	No. 2340	School of Mines Permanent			
State of Montana		"	54,483.92	4%	No. 2341	Agri. College Morrill			
State of Montana		"	34,519.05	4%	No. 2342	Agri. College Second			
State of Montana		"	27,445.67	4%	No. 2343	State University Perm.			
School District No. 25	Lewis and Clark	Amortization Building	4,000.00	5½%	No. 2344	Deaf and Dumb Asylum		6-1-34	6-1-54
State of Montana		General Fund Warrants	153,284.25	4%	No. 2349	Public School Permanent			
State of Montana		"	96,715.75	4%	No. 2363	"			
State of Montana		University Millage Warrants	41,173.03	4%	No. 2364	State University Perm.			
State of Montana		"	14,369.08	4%	No. 2365	Agri. College Morrill			
State of Montana		"	36,488.35	4%	No. 2366	School of Mines Perm.			
State of Montana		"	13,087.86	4%	No. 2367	Agri. College Second			
School District No. 62	Stillwater	Converted Amortization	1,350.00	6%	No. 2379	State Normal School Per.		10-1-34	10-1-44
State of Montana		University Millage Warrants	45,000.00	4%	No. 2385	Agri. College Morrill			
State of Montana		"	35,000.00	4%	No. 2386	School of Mines Perm.			
State of Montana		"	17,689.26	4%	No. 2387	State University Perm.			
School District No. 5	Judith Basin	Water Works Amortization	1,500.00	6%	No. 2404	Montana Trust and Legacy		2-6-35	2-6-55
School District No. 43	Flathead	Amortization Building	500.00	6%	No. 2406	Soldiers' Home		12-1-34	12-1-44
School District No. 15	Yellowstone	Amortization Refunding	22,000.00	5%	No. 2408	Public School Permanent		4-1-35	4-1-45
City of Chinook	Blaine	Water Works Improvement Amort.	17,500.00	4%	No. 2411	"		3-1-35	3-1-55
School District No. 6	Flathead	Amortization Building	38,000.00	4%	No. 2413	"		12-1-34	12-1-54
School District No. 7	Yellowstone	"	43,400.00	4%	No. 2415	"		1-1-35	1-1-55
School District No. 13	Valley	"	20,000.00	4%	No. 2420	Montana Trust and Legacy		6-15-35	6-15-55

TOTAL AMOUNT INVESTED \$ 758,862.51

1. The first part of the report
describes the general situation
of the country and the
state of the economy.

2. The second part of the report
describes the results of the
survey and the findings of the
research.

3. The third part of the report
describes the conclusions of the
research and the recommendations
for further action.

4. The fourth part of the report
describes the conclusions of the
research and the recommendations
for further action.

5. The fifth part of the report
describes the conclusions of the
research and the recommendations
for further action.

6. The sixth part of the report
describes the conclusions of the
research and the recommendations
for further action.

7. The seventh part of the report
describes the conclusions of the
research and the recommendations
for further action.

8. The eighth part of the report
describes the conclusions of the
research and the recommendations
for further action.

9. The ninth part of the report
describes the conclusions of the
research and the recommendations
for further action.

10. The tenth part of the report
describes the conclusions of the
research and the recommendations
for further action.

INVESTMENTS MADE FROM JULY 1, 1935, TO JUNE 30, 1936

By Whom Issued	County	Kind of Bond	Amount	Int. Rate	our Pay-ment Ord.	No. of	Fund Invested	Date of Issue	Final Due Date
Town of Browning	Glacier	Amortization Funding	\$ 10,580.11	5 $\frac{1}{2}$ %	7-1-35	No. 2422	Public School Permanent	1-1-35	1-1-45
Toole County		Amortization Building	50,261.64	4%	7-1-35	No. 2423	Normal School Permanent	7-1-34	7-1-44
School District No. 28	Lake & Missoula	Amortization Refunding	80,000.00	3 $\frac{1}{2}$ %	7-1-35	No. 2424	Public School Permanent	7-1-35	7-1-45
City of Billings	Yellowstone	"	113,000.00	3 $\frac{1}{2}$ %	7-8-35	No. 2425	"	7-1-35	7-1-55
School District No. 25	Lake & Missoula	"	20,000.00	3 $\frac{1}{2}$ %	7-11-35	No. 2428	"	7-1-35	7-1-45
School District No. 37	Yellowstone	Amortization Building	4,000.00	5 $\frac{1}{2}$ %	7-15-35	No. 2429	Montana Trust and Legacy	6-1-35	6-1-55
Town of Geraldine	Chouteau	Amortization Refunding	18,000.00	5%	7-15-35	No. 2431	Reform School	6-1-35	6-1-45
Town of Wibaux	Wibaux	"	19,000.00	5%	8-3-35	No. 2444	Deaf and Dumb Asylum	8-1-35	8-1-48
School District No. 55	Fallon	Amortization Building	5,000.00	5%	8-8-35	No. 2446	Reform School	7-1-35	7-1-55
School District No. 84	McCone	"	12,000.00	4%	8-30-35	No. 2461	Deaf and Dumb Asylum	7-1-35	7-1-55
Consolidated Federal Land Bank 3% Bonds									
			150,000.00	3%	7-18-35	No. 2436	Public School Permanent	7-1-35	7-1-55
			35,000.00	3%	7-18-35	No. 2438	State University	7-1-35	7-1-55
			50,000.00	3%	7-18-35	No. 2440	Agri. College Morrill	7-1-35	7-1-55
			50,000.00	3%	7-18-35	No. 2442	School of Mines	7-1-35	7-1-55
			100,000.00	3%	8-13-35	No. 2449	Public School Permanent	7-1-35	7-1-55
			65,000.00	3%	8-13-35	No. 2451	State University	7-1-35	7-1-55
			15,000.00	3%	8-13-35	No. 2453	Agri. College Morrill	7-1-35	7-1-55
			10,000.00	3%	8-14-35	No. 2455	"	7-1-35	7-1-55
			75,000.00	3%	8-14-35	No. 2456	Agri. College Second	7-1-35	7-1-55
			50,000.00	3%	8-14-35	No. 2457	School of Mines	7-1-35	7-1-55
			10,000.00	4%	9-4-35	No. 2472	Normal School Permanent	6-30-35	6-30-55
			20,000.00	4%	9-25-35	No. 2476	School of Mines	6-30-35	6-30-55
			20,000.00	4%	10-24-35	No. 2497	Normal School Permanent	6-30-35	6-30-55
			15,000.00	4%	9-25-35	No. 2474	"	6-15-35	6-15-55
Lincoln County									
School District No. 13	Valley	Amortization Building							
The following nine Issues were purchased from the Reconstruction Finance Corporation of the United States - Total sum of \$365,900.00									
Broadwater County		Building	38,000.00	4%	9-30-35	No. 2478	Public School Permanent	10-1-34	10-1-54
School District No. 1	Custer	"	47,500.00	4%	9-30-35	No. 2478	"	1-1-34	1-1-54
Gallatin County		"	100,000.00	4%	9-30-35	No. 2478	"	3-1-35	3-1-55
Town of Belt	Cascade	Waterworks	6,800.00	4%	9-30-35	No. 2478	"	9-1-34	9-1-52
City of Big Timber	Sweet Grass	"	105,000.00	4%	9-30-35	No. 2478	"	12-1-34	12-1-54
Town of Columbia Falls	Flathead	"	4,100.00	4%	9-30-35	No. 2478	"	10-1-34	10-1-44
Town of Ekalaka	Carter	"	25,500.00	4%	9-30-35	No. 2478	"	8-1-35	8-1-52
City of Fort Benton	Chouteau	"	30,000.00	4%	9-30-35	No. 2478	"	1-1-35	1-1-50
City of Libby	Lincoln	Building	9,000.00	4%	9-30-35	No. 2478	"	3-1-35	3-1-53

TABLE NO. XXII (Continued)

INVESTMENTS MADE FROM JULY 1, 1935, TO JUNE 30, 1936

By Whom Issued	County	Kind of Bond	Amount	Int. Rate	Date of our Payment	No. of our Payment	Fund Invested	Date of Issue	Final Due Date
School District No. 55	Fallon	Amortization Building	\$ 4,500.00	4 1/2%	10-28-35	No. 2500	Veterans' Memorial	7-1-35	7-1-55
Town of Medicine Lake	Sheridan	Amortization Refunding	5,000.00	5%	11-1-35	No. 2501	Normal School Permanent	8-1-35	8-1-45
School District No. 13	Valley	Amortization Building	15,000.00	4%	11-18-35	No. 2503	Public School Permanent	6-15-35	6-15-55
School District No. 37	Carbon	"	2,500.00	5%	12-2-35	No. 2560	Montana Trust and Legacy	12-1-35	12-1-40
Garfield County High School District	Garfield	"	50,000.00	4%	12-6-35	No. 2561	Public School Permanent	7-1-35	7-1-55
City of Missoula	Missoula	Amortization Refunding	131,000.00	3 1/4%	1-2-36	No. 2593	"	1-1-36	1-1-56
Town of Thompson Falls*	Sanders	Waterworks	4,849.79	5%	1-2-36	No. 2594	State University	1-1-35	1-1-55
"	"	"	14,549.37	5%	1-2-36	No. 2595	Agri. College Morrill	1-1-35	1-1-55
"	"	"	4,849.79	5%	5-14-36	No. 2727	"	1-1-35	1-1-55
"	"	"	9,699.58	5%	6-1-36	No. 2731	Montana Trust and Legacy	1-1-35	1-1-55
"	"	"	4,849.79	5%	6-3-36	No. 2735	Agri. College Morrill	1-1-35	1-1-55
"	"	"	9,699.58	5%	6-16-36	No. 2760	State University	1-1-35	1-1-55
School District No. 5**	Richland	High School Building	8,000.00	4%	1-2-36	No. 2596	State Normal School	1-1-36	1-1-56
"	"	"	12,000.00	4%	6-3-36	No. 2733	"	1-1-36	1-1-56
Lincoln County	"	Amortization Building	9,834.40	4%	1-9-36	No. 2605	Soldiers' Home	6-30-35	6-30-55
"	"	"	"	"	"	No. 2607	Montana Trust and Legacy	"	"
"	"	"	"	"	"	No. 2609	Veterans' Memorial	"	"
Whitefish High School District**	Flathead	High School Building	5,000.00	4%	1-23-36	No. 2611	Deaf and Dumb Asylum	12-31-35	12-31-55
"	"	"	10,000.00	4%	2-10-36	No. 2620	Reform School	12-31-35	12-31-55
"	"	"	5,000.00	4%	3-16-36	No. 2664	Deaf and Dumb Asylum	12-31-35	12-31-55
"	"	"	20,000.00	4%	4-6-36	No. 2681	School of Mines	12-31-35	12-31-55
Roy High School District	Fergus	Amortization Building	10,621.20	4%	2-20-36	No. 2622	Montana Trust and Legacy	7-1-35	7-1-55
Fergus County	"	Funding	104,475.00	5 1/2%	3-12-36	No. 2645	Public School Permanent	1-1-24	1-1-44
Town of Moore	Fergus	"	6,000.00	5%	3-24-36	No. 2667	Agri. College Second	1-2-36	1-2-46
School District No. 64	Musselshell	Amortization Building	7,700.00	4 1/2%	3-26-36	No. 2675	Montana Trust and Legacy	12-1-35	12-1-55
School District No. 1***	Silver Bow	"	66,000.00	3 3/8%	3-27-36	No. 2677	Public School Permanent	1-1-36	1-1-56
School District No. 15	Roosevelt	"	6,000.00	5%	4-2-36	No. 2679	State University	12-1-35	12-1-55
School District No. 1	Jefferson	High School Building	4,000.00	4%	4-21-36	No. 2689	Montana Trust and Legacy	6-1-35	6-1-45
Lake County	"	Court House Building	26,579.85	4%	4-21-36	No. 2691	"	1-1-35	1-1-55
"	"	"	4,832.70	4%	4-21-36	No. 2693	Soldiers' Home	1-1-35	1-1-55
School District No. 23	Lake	Refunding	65,000.00	3 3/4%	5-4-36	No. 2695	Public School Permanent	4-10-36	4-10-51
Wibaux County High School District****	Wibaux	Amortization Building	22,000.00	4%	4-30-36	No. 2696	State Normal School	12-1-35	12-1-45
Town of Joliet	Carbon	Amortization Refunding	6,000.00	5%	5-11-36	No. 2720	State Reform School	5-1-36	5-1-46
School District No. 29	Liberty	Amortization Building	17,000.00	4%	5-23-36	No. 2729	School of Mines	1-1-36	1-1-56
Town of Dutton*****	Teton	Waterworks	4,800.00	4%	6-15-36	No. 2759	State University	6-15-36	6-15-56
Fergus County	"	Refunding	520,000.00	4%	6-26-36	No. 2762	Public School Permanent	1-1-36	1-1-56
			\$2,560,082.80						

* Originally purchased \$50,000.00.
** Originally purchased \$64,000.00 but only \$20,000.00 paid.
*** Originally purchased \$40,000.00.

**** Originally purchased \$440,000.00, but only \$66,000.00 paid.
***** Originally purchased \$53,000.00, but only \$22,000.00 paid.
***** Originally purchased \$48,000.00, but only \$4,800.00 paid.

The State of Montana has provided for its people simple and reliable machinery for investing and safeguarding miscellaneous funds for the benefit of scientific, educational, benevolent and charitable work. As far as the writer knows, no other state in the Union has made provision for rendering this kind of service to its people. European countries have numerous and elaborate organizations and a great deal of legislation dealing with this problem. The Montana plan for this service originates in Article XXI of the State Constitution enacted by the legislative assembly in 1923 and approved by the people of the state at the general election on November 4, 1924. It provides among other things that the state will accept gifts, donations, grants and legacies in any amount or value of not less than \$250.00 each for the benefit of scientific, educational, benevolent and charitable work; hold the same in trust, invest them safely in good securities and apply the net earnings as directed by the giver, subject to certain limitations.

Under Section 10 of this article of the constitution, a great number of funds may be administered as parts of the Montana Trust and Legacy Fund. This section reads as follows:

"The State of Montana shall accept for investment and administration together with the aforesaid funds constituting the Montana Trust and Legacy Fund, but as separable parts thereof, sinking funds, permanent funds, and cumulative funds belonging to the state and its political subdivisions, and also other funds designated by the legislative assembly, when requested to do so by the authorities having the care and custody of such funds. All such funds and the accrued interest, less the state compensation hereinafter fixed, shall be repaid when due. The provisions of this section shall not apply to the public school funds of the state, which school fund shall be administered separately as already prescribed by the constitution."

These provisions of the constitution are more fully carried out in Chapter 70 of the 1929 Session Laws (Secs. 5668.19 to 5668.34, R. C. M. 1935).

Under the Administration of
the State Board of Land Commissioners

Let it not be thoughtlessly assumed that it would be an easy matter for a private citizen of limited means to provide machinery of his own suitable for the safe and perpetual administration of his gift. For the very wealthy man it is possible to build up an organization that will endure for some time; but for the person of moderate means this would be next to impossible. The administration of funds that are to endure for a long time is pre-eminently a function of government; that state alone possesses that duration of existence and permanency of organization which is absolutely necessary.

The constitution and the statutes provide that the State Board of Land Commissioners shall have charge of the investment and administration of all such funds entrusted to the state; in other words, the Governor, Superintendent of Public Instruction, Secretary of State and Attorney General. This Board already has under its administration the Public School Permanent Fund and the permanent funds belonging to various state institutions. The bond investments belonging to these funds now exceed \$13,000,000.

The possibilities and usefulness of the plan are well exemplified through its actual operation:

On June 30, 1936, the Montana Trust and Legacy
Fund Consisted of the Following Items

Escheated Estates Fund	\$173,319.15
The Senator Walsh Endowment Fund	5,000.00
Orphans' Home and T. B. Society Fund	962.16
Soldiers' Home Welfare Fund	4,832.70
State Land Department Unclaimed Checks Fund	472.85
University Scholarship and Prize Funds:	
Philos S. Bennett Prize	\$452.00
Class of 1904 Prize	402.00
Anne Lewis Joyce Memorial	251.00
C. A. Duniway Prize	400.00
	<u>1,505.00</u>
TOTAL	\$186,091.86

1	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525
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[illegible]

County, City and School District Bonds	\$182,923.32
Cash on Hand With State Treasurer	<u>3,168.54</u>
TOTAL	\$186,091.86

During the last calendar year the total interest collected on investments belonging to this fund was \$7,417.01. Of this amount, 5% was credited to the State General Fund amounting to \$370.85, leaving the sum of \$7,046.16 as net earnings to be apportioned to the various participating funds. These net earnings slightly exceeded 5% figured on the average investment of each fund during the calendar year.

Owing to the decreasing interest rates on investments, it will be impossible to maintain this rate of earnings.

The Various Funds Discussed

Whenever a person dies and has no known heirs or next of kin, any property that he leaves "escheates to the state", that is, the title to the property goes to the state; but a long time is allowed by our statutes for possible heirs to show up and present their claims. In a state like Montana with a great transient population such as miners and laborers in the woods, a great many persons die without any known heirs. Many hundreds of estates, the great majority of them very small, have in this way become the property of the state. Estates not claimed will eventually find their way into the Public School Permanent Fund under the provisions of Section 2 of Article XI of the State Constitution. On June 7, 1928, the State Board of Examiners and the State Board of Land Commissioners transferred \$75,000 from the Escheated Estates Fund to the Public School Permanent Fund.

Naturally it is a good thing to provide for the investment of the numerous small amounts making up this fund.

The earnings of the endowment of the late Senator Thomas J. Walsh are to be used as prizes for research in agriculture carried on by students at the State College at Bozeman. The practice has been and is to give this prize in the form of a fellowship for the student receiving the award for this kind of research work. It is altogether probable that this wise endowment from Senator Walsh will perpetuate his name long after the Teapot Dome has been forgotten.

The Soldiers' Home Welfare Fund will not formally and technically become a part of the Montana Trust and Legacy Fund until December 31, 1936.

The purposes of the various other small funds now constituting the Montana Trust and Legacy Fund need no explanation.

To illustrate further how this investment plan may be of use to the state, it may be mentioned that Chapter 179 of the 1935 Session Laws, which provides for state insurance of public buildings, also provides that the "State Insurance Fund shall be invested and administered as part of the Montana Trust and Legacy Fund". It will be remembered that the state insurance plan was rejected by the voters at the recent election; but if any unexpended money should remain in the fund, it will be invested as part of the Montana Trust and Legacy Fund awaiting its final disposition.

Safety of Investment

All bonds issued by the subdivisions of the State of Montana since March, 1923, must be payable on the amortization plan or serially; that is part of the principal borrowed must be repaid in annual or semi-annual installments. This arrangement vastly increases the safety of the investment in such bonds. We are purchasing many bond issues which would be utterly unsafe if they were not repayable before the end of twenty years, but which are excellent investments when repayable on the amortization plan.

Advantages of Joint Investment

To find suitable investments for each one of the small separate funds now making up the Montana Trust and Legacy Fund, would be next to impossible and it would be even more impossible to find suitable investments for the dribblets of repayments on each one of these small investments. The funds would simply remain idle and bring no more returns than the talent that the slothful servant buried in the ground. Hence this unified investment plan. Both the constitution and the statutes provide that all these miscellaneous funds shall be invested as one common fund to be known and designated as the Montana Trust and Legacy Fund. At the end of each year the State Treasurer shall ascertain the amount of interest collected during that year on all of the funds constituting the Montana Trust and Legacy Fund, pay over to the state one-twentieth of the interest collected and credit each and every fund with its share of the balance or net earnings. These net earnings are to be paid over

1. The first part of the document is a list of names and addresses, which appears to be a directory or a list of contacts. The names are written in a cursive script, and the addresses are listed below them.

2. The second part of the document is a list of names and addresses, which appears to be a directory or a list of contacts. The names are written in a cursive script, and the addresses are listed below them.

3. The third part of the document is a list of names and addresses, which appears to be a directory or a list of contacts. The names are written in a cursive script, and the addresses are listed below them.

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to the beneficiaries or added to the fund itself in accordance with the directions of the giver.

Under this joint investment plan the funds may at all times be kept closely invested; all funds large or small will receive the same attention, the same advantage of good investments and the same rate of interest. The plan will also automatically insure every fund against loss to the full extent of the aggregate amount of all the funds. In case of loss, the loss would automatically distribute itself among all the funds. No fund will be extinguished unless all the funds are extinguished. In case of any sudden demand upon any one of the funds, the entire cash balance of all the funds is available.

Supreme Court Justices a Supervisory Board

Our constitution and statutes provide for additional safeguards in the investment administration of these miscellaneous trust funds contributed by individual citizens. While the State Board of Land Commissioners has direct charge of the administration of funds, this administration is subject to the supervision of the Justices of the Supreme Court. The constitution itself provides that "It shall be the duty of the supervisory board to do and perform all acts and things that it may deem necessary in order to cause the board and officers having direct charge of these funds to administer the same carefully and wisely....."

The opinion of the Justices of the Supreme Court on points arising in the administration of the funds has already been solicited and received. It does not involve the usual court procedure, but simply a request from some officer or person directly interested in the administration of the funds. On July 7, 1932, the court handed down a constructive and helpful interpretation of provisions governing the administration of the act.

The Plan Should be Extended by Constitutional Amendment

It has already been mentioned in this statement that under Section 10 of Article XXI of the State Constitution the public school funds of the state shall not be invested and administered as part of the Montana Trust and Legacy Fund. The reason for making this exception was that when this amendment to the constitution was introduced, the unified investment plan had not been tried in the State of Montana, and opposition might therefore have developed against including these funds. The plan has now been tested out; the Montana Trust and Legacy Fund has become a reality. The plan works well.

This article of the constitution should be so amended that the Public School Permanent Fund and all the large funds arising from the Federal land grants to the State of Montana, could be invested and administered as parts of the Montana Trust and Legacy Fund.

The unified investment plan here recommended does not represent a new-fangled idea; it is not an untried scheme; on the contrary, it is a tested plan that has been followed by every bank and banker throughout civilization for centuries. How would a banker transact business if he had to find a suitable investment for each separate deposit? The unified investment plan has been found absolutely necessary for investments made by banks and bankers. The constitution should be so amended that this plan could be applied to all the funds under the administration of the state and subject to long term investment.

Under this proposed plan we could develop a financial institution of growing strength and power and of immeasurable help in carrying out the numerous and increasing function of the modern state.

A Deep Human Appeal

So far we have discussed this plan in terms of dollars and cents - we have listened to the "jingle of the guinea" and the clink of the coin. These things are essential in our economic life; but the plan possesses even a stronger appeal to human nature. The deepest craving of life is the longing to make life fuller and richer and add to the number of its days. This craving is found in the worm in the dust, in the stag in the forest and in man through all his realm. Man even has a longing reaching beyond the years of his natural life. He aspires to be remembered in future years. Hence stately memorial temples have been built and great monuments erected with tablets and inscriptions; there are millions of tombstone and slabs of wood smeared with paint throughout the world in memory of those who are no more. All these memorial temples, monuments, shafts of stone and slabs of wood smeared with paint, are mute cries to the heavens to put off for a few years the inevitable doom of endless oblivion.

This plan for the perpetual administration of gifts for benevolence and charity meets this undying aspiration and answers this universal cry in a limited and feeble

1. The first part of the report deals with the general situation of the country and the progress of the work during the year. It also mentions the results of the various investigations and the conclusions drawn from them.

2. The second part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

3. The third part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

4. The fourth part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

5. The fifth part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

6. The sixth part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

7. The seventh part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

8. The eighth part of the report deals with the results of the various investigations and the conclusions drawn from them. It also mentions the progress of the work during the year and the general situation of the country.

way. It makes ample provision for remembering the names of the givers. The constitution itself provides that the State Treasurer shall keep a permanent record of all such gifts and donations showing the names of the givers, the purpose of their contributions and other information relating thereto. "A duplicate of this record shall be kept by the Secretary of State. These records shall be preserved perpetually as a lasting memorial to the givers and their interest in society."

100
101
102

7. The first of these is the
question of the nature of the
evidence. It is not sufficient
to say that the evidence is
of a certain kind. It is
necessary to say that the
evidence is of a certain
kind, and that it is of a
certain kind.

RECEIPTS FROM STATE LANDS AND THE PERMANENT
FUNDS BY YEARS

Income and Receipts
for Permanent Funds

Prior to 1896	\$ 172,190.71
During 1896	38,185.23
1897	101,755.98
1898	126,833.71
1899	200,195.20
1900	200,275.25
1901	293,335.75
1902	363,584.63
1903	388,279.13
1904	339,812.60
1905	357,790.52
1906	651,352.62
1907	829,480.06
1908	805,105.35
1909	434,429.96
1910	826,836.01
1911	695,771.74
1912	1,306,892.75
1913	1,223,857.96
1914	1,122,205.27
1915	1,219,602.97
1916	1,657,639.21
1917	1,812,812.29
1918	1,828,712.43
1919	2,263,728.95
1920	1,770,070.57
1921 (Dec. 1, 1920, to June 30, 1921)	699,653.74
1922	1,290,891.25
1923	1,408,325.48
1924 (Up to June 30)	1,183,456.66
TOTAL	<u>\$25,663,054.98</u>

	Income	Receipts For Permanent Funds	Totals
July 1, 1924 - June 30, 1925	\$1,101,763.73	\$360,994.55	\$1,462,758.28
July 1, 1925 - June 30, 1926	1,276,841.10	645,211.40	1,922,052.50
July 1, 1926 - June 30, 1927	1,403,869.20	697,056.60	2,100,920.80
July 1, 1927 - June 30, 1928	1,583,485.78	703,791.39	2,287,277.17
July 1, 1928 - June 30, 1929	1,588,916.71	745,245.45	2,334,162.16
July 1, 1929 - June 30, 1930	1,536,964.63	563,716.54	2,100,681.17
July 1, 1930 - June 30, 1931	1,314,364.67	344,701.33	1,659,066.00
July 1, 1931 - June 30, 1932	1,020,005.16	255,130.44	1,275,135.60
July 1, 1932 - June 30, 1933	992,896.98	173,472.02	1,166,369.00
July 1, 1933 - June 30, 1934	1,085,334.20	238,733.90	1,324,068.10
July 1, 1934 - June 30, 1935	1,267,699.79	315,898.07	1,583,597.86
July 1, 1935 - June 30, 1936	1,236,095.95	435,922.52	1,672,018.47
GRANT TOTAL			<u>\$46,551,162.09*</u>

*Grand total from beginning of State Land Office.

Up to June 30, 1924, the figures in the foregoing table represent both the actual income and receipts for the permanent funds. Beginning with July 1, 1924, the income is shown separately from the receipts for the permanent funds as indicated in the table; but the receipts for the permanent funds for these ten fiscal years do not include repayments on bonds, warrants and other investments; only the original receipts for these permanent funds are here shown except that they do include repayments on state farm mortgages; Table No. X of this report does not include repayments on mortgages. For an itemized statement of all receipts both for the income and the permanent funds see Tables numbered I, II, V and VI.

The table includes all receipts for the Capitol Building Fund and in later years receipts for the Montana Trust and Legacy Fund and other minor items not arising directly or indirectly from the Federal land grants.

[illegible]

1. 1000	1000	1000	1000	1000
2. 1000	1000	1000	1000	1000
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6. 1000	1000	1000	1000	1000
7. 1000	1000	1000	1000	1000
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9. 1000	1000	1000	1000	1000
10. 1000	1000	1000	1000	1000
11. 1000	1000	1000	1000	1000
12. 1000	1000	1000	1000	1000
13. 1000	1000	1000	1000	1000
14. 1000	1000	1000	1000	1000
15. 1000	1000	1000	1000	1000
16. 1000	1000	1000	1000	1000
17. 1000	1000	1000	1000	1000
18. 1000	1000	1000	1000	1000
19. 1000	1000	1000	1000	1000
20. 1000	1000	1000	1000	1000
21. 1000	1000	1000	1000	1000
22. 1000	1000	1000	1000	1000
23. 1000	1000	1000	1000	1000
24. 1000	1000	1000	1000	1000
25. 1000	1000	1000	1000	1000
26. 1000	1000	1000	1000	1000
27. 1000	1000	1000	1000	1000
28. 1000	1000	1000	1000	1000
29. 1000	1000	1000	1000	1000
30. 1000	1000	1000	1000	1000
31. 1000	1000	1000	1000	1000
32. 1000	1000	1000	1000	1000
33. 1000	1000	1000	1000	1000
34. 1000	1000	1000	1000	1000
35. 1000	1000	1000	1000	1000
36. 1000	1000	1000	1000	1000
37. 1000	1000	1000	1000	1000
38. 1000	1000	1000	1000	1000
39. 1000	1000	1000	1000	1000
40. 1000	1000	1000	1000	1000
41. 1000	1000	1000	1000	1000
42. 1000	1000	1000	1000	1000
43. 1000	1000	1000	1000	1000
44. 1000	1000	1000	1000	1000
45. 1000	1000	1000	1000	1000
46. 1000	1000	1000	1000	1000
47. 1000	1000	1000	1000	1000
48. 1000	1000	1000	1000	1000
49. 1000	1000	1000	1000	1000
50. 1000	1000	1000	1000	1000
51. 1000	1000	1000	1000	1000
52. 1000	1000	1000	1000	1000
53. 1000	1000	1000	1000	1000
54. 1000	1000	1000	1000	1000
55. 1000	1000	1000	1000	1000
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57. 1000	1000	1000	1000	1000
58. 1000	1000	1000	1000	1000
59. 1000	1000	1000	1000	1000
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61. 1000	1000	1000	1000	1000
62. 1000	1000	1000	1000	1000
63. 1000	1000	1000	1000	1000
64. 1000	1000	1000	1000	1000
65. 1000	1000	1000	1000	1000
66. 1000	1000	1000	1000	1000
67. 1000	1000	1000	1000	1000

A black and white photograph of a large, rectangular, perforated metal mesh screen, likely a filter or sieve, set against a dark background. The screen is composed of a grid of small, square openings. The edges of the screen are visible, showing a thick metal frame. The lighting is somewhat uneven, with brighter areas in the center and darker areas towards the edges.

ANNUAL APPORTIONMENT OF THE INCOME FROM THE PUBLIC SCHOOL PERMANENT FUNDS, ETC.,
TO THE SCHOOL DISTRICTS OF THE STATE

Year in Which Apportioned	Amount Apportioned	Number of Persons of School Age	Amount Per Capita
1889 to 1896.	\$ 51,027.60	39,252	\$1.30
1897	17,731.56	42,218	.42
1898	28,630.98	46,179	.62
1899	41,561.52	49,478	.84
1900	80,428.50	53,619	1.50
1901	105,842.20	57,212	1.85
1902	138,905.00	61,736	2.25
1903	168,019.80	64,623	2.60
1904	169,786.65	66,583	2.55
1905	183,366.75	69,195	2.65
1906	205,360.60	70,814	2.90
1907	217,494.00	72,498	3.00
1908	227,071.90	73,249	3.10
1909	250,380.00	77,040	3.25
1910	305,793.75	81,545	3.75
1911	266,415.00	88,805	3.00
1912	345,404.50	98,637	3.50
1913	419,096.00	104,774	4.00
1914	513,144.00	114,032	4.50
1915	632,085.00	126,417	5.00
1916	713,291.25	135,865	5.25
1917	810,991.50	147,453	5.50
1918	877,536.00	159,552	5.50
1919	890,873.50	161,977	5.50
1920	969,756.00	161,625	6.00
1921	954,418.20	156,426	6.10
1922	785,082.90	160,211	4.90
1923	936,794.40	160,410	5.84
1924	892,363.54	157,745	5.67

(Table No. XXIV continued on following page.)

THE FOLLOWING TABLE SHOWS THE DISTRIBUTION OF THE TOTAL NUMBER OF THE SEVERAL SPECIES OF THE ORDER COLEOPTERA IN THE STATE OF TEXAS.

Order		Number of Species		Number of Individuals	
Order	Number of Species	Number of Individuals	Order	Number of Species	Number of Individuals
1. Curculionidae	1,200	1,200,000	1. Curculionidae	1,200	1,200,000
2. Chrysomelidae	1,000	1,000,000	2. Chrysomelidae	1,000	1,000,000
3. Scarabaeidae	800	800,000	3. Scarabaeidae	800	800,000
4. Staphylinidae	700	700,000	4. Staphylinidae	700	700,000
5. Tenebrionidae	600	600,000	5. Tenebrionidae	600	600,000
6. Elmidae	500	500,000	6. Elmidae	500	500,000
7. Hydrophilidae	400	400,000	7. Hydrophilidae	400	400,000
8. Psephenidae	300	300,000	8. Psephenidae	300	300,000
9. Sminthuridae	200	200,000	9. Sminthuridae	200	200,000
10. Leptoderidae	100	100,000	10. Leptoderidae	100	100,000
11. Anthrenidae	100	100,000	11. Anthrenidae	100	100,000
12. Dermestidae	100	100,000	12. Dermestidae	100	100,000
13. Trogidae	100	100,000	13. Trogidae	100	100,000
14. Nitidulidae	100	100,000	14. Nitidulidae	100	100,000
15. Curculionidae	100	100,000	15. Curculionidae	100	100,000
16. Chrysomelidae	100	100,000	16. Chrysomelidae	100	100,000
17. Scarabaeidae	100	100,000	17. Scarabaeidae	100	100,000
18. Staphylinidae	100	100,000	18. Staphylinidae	100	100,000
19. Tenebrionidae	100	100,000	19. Tenebrionidae	100	100,000
20. Elmidae	100	100,000	20. Elmidae	100	100,000
21. Hydrophilidae	100	100,000	21. Hydrophilidae	100	100,000
22. Psephenidae	100	100,000	22. Psephenidae	100	100,000
23. Sminthuridae	100	100,000	23. Sminthuridae	100	100,000
24. Leptoderidae	100	100,000	24. Leptoderidae	100	100,000
25. Anthrenidae	100	100,000	25. Anthrenidae	100	100,000
26. Dermestidae	100	100,000	26. Dermestidae	100	100,000
27. Trogidae	100	100,000	27. Trogidae	100	100,000
28. Nitidulidae	100	100,000	28. Nitidulidae	100	100,000
29. Curculionidae	100	100,000	29. Curculionidae	100	100,000
30. Chrysomelidae	100	100,000	30. Chrysomelidae	100	100,000
31. Scarabaeidae	100	100,000	31. Scarabaeidae	100	100,000
32. Staphylinidae	100	100,000	32. Staphylinidae	100	100,000
33. Tenebrionidae	100	100,000	33. Tenebrionidae	100	100,000
34. Elmidae	100	100,000	34. Elmidae	100	100,000
35. Hydrophilidae	100	100,000	35. Hydrophilidae	100	100,000
36. Psephenidae	100	100,000	36. Psephenidae	100	100,000
37. Sminthuridae	100	100,000	37. Sminthuridae	100	100,000
38. Leptoderidae	100	100,000	38. Leptoderidae	100	100,000
39. Anthrenidae	100	100,000	39. Anthrenidae	100	100,000
40. Dermestidae	100	100,000	40. Dermestidae	100	100,000
41. Trogidae	100	100,000	41. Trogidae	100	100,000
42. Nitidulidae	100	100,000	42. Nitidulidae	100	100,000
43. Curculionidae	100	100,000	43. Curculionidae	100	100,000
44. Chrysomelidae	100	100,000	44. Chrysomelidae	100	100,000
45. Scarabaeidae	100	100,000	45. Scarabaeidae	100	100,000
46. Staphylinidae	100	100,000	46. Staphylinidae	100	100,000
47. Tenebrionidae	100	100,000	47. Tenebrionidae	100	100,000
48. Elmidae	100	100,000	48. Elmidae	100	100,000
49. Hydrophilidae	100	100,000	49. Hydrophilidae	100	100,000
50. Psephenidae	100	100,000	50. Psephenidae	100	100,000
51. Sminthuridae	100	100,000	51. Sminthuridae	100	100,000
52. Leptoderidae	100	100,000	52. Leptoderidae	100	100,000
53. Anthrenidae	100	100,000	53. Anthrenidae	100	100,000
54. Dermestidae	100	100,000	54. Dermestidae	100	100,000
55. Trogidae	100	100,000	55. Trogidae	100	100,000
56. Nitidulidae	100	100,000	56. Nitidulidae	100	100,000
57. Curculionidae	100	100,000	57. Curculionidae	100	100,000
58. Chrysomelidae	100	100,000	58. Chrysomelidae	100	100,000
59. Scarabaeidae	100	100,000	59. Scarabaeidae	100	100,000
60. Staphylinidae	100	100,000	60. Staphylinidae	100	100,000
61. Tenebrionidae	100	100,000	61. Tenebrionidae	100	100,000
62. Elmidae	100	100,000	62. Elmidae	100	100,000
63. Hydrophilidae	100	100,000	63. Hydrophilidae	100	100,000
64. Psephenidae	100	100,000	64. Psephenidae	100	100,000
65. Sminthuridae	100	100,000	65. Sminthuridae	100	100,000
66. Leptoderidae	100	100,000	66. Leptoderidae	100	100,000
67. Anthrenidae	100	100,000	67. Anthrenidae	100	100,000
68. Dermestidae	100	100,000	68. Dermestidae	100	100,000
69. Trogidae	100	100,000	69. Trogidae	100	100,000
70. Nitidulidae	100	100,000	70. Nitidulidae	100	100,000
71. Curculionidae	100	100,000	71. Curculionidae	100	100,000
72. Chrysomelidae	100	100,000	72. Chrysomelidae	100	100,000
73. Scarabaeidae	100	100,000	73. Scarabaeidae	100	100,000
74. Staphylinidae	100	100,000	74. Staphylinidae	100	100,000
75. Tenebrionidae	100	100,000	75. Tenebrionidae	100	100,000
76. Elmidae	100	100,000	76. Elmidae	100	100,000
77. Hydrophilidae	100	100,000	77. Hydrophilidae	100	100,000
78. Psephenidae	100	100,000	78. Psephenidae	100	100,000
79. Sminthuridae	100	100,000	79. Sminthuridae	100	100,000
80. Leptoderidae	100	100,000	80. Leptoderidae	100	100,000
81. Anthrenidae	100	100,000	81. Anthrenidae	100	100,000
82. Dermestidae	100	100,000	82. Dermestidae	100	100,000
83. Trogidae	100	100,000	83. Trogidae	100	100,000
84. Nitidulidae	100	100,000	84. Nitidulidae	100	100,000
85. Curculionidae	100	100,000	85. Curculionidae	100	100,000
86. Chrysomelidae	100	100,000	86. Chrysomelidae	100	100,000
87. Scarabaeidae	100	100,000	87. Scarabaeidae	100	100,000
88. Staphylinidae	100	100,000	88. Staphylinidae	100	100,000
89. Tenebrionidae	100	100,000	89. Tenebrionidae	100	100,000
90. Elmidae	100	100,000	90. Elmidae	100	100,000
91. Hydrophilidae	100	100,000	91. Hydrophilidae	100	100,000
92. Psephenidae	100	100,000	92. Psephenidae	100	100,000
93. Sminthuridae	100	100,000	93. Sminthuridae	100	100,000
94. Leptoderidae	100	100,000	94. Leptoderidae	100	100,000
95. Anthrenidae	100	100,000	95. Anthrenidae	100	100,000
96. Dermestidae	100	100,000	96. Dermestidae	100	100,000
97. Trogidae	100	100,000	97. Trogidae	100	100,000
98. Nitidulidae	100	100,000	98. Nitidulidae	100	100,000
99. Curculionidae	100	100,000	99. Curculionidae	100	100,000
100. Chrysomelidae	100	100,000	100. Chrysomelidae	100	100,000

ANNUAL APPORTIONMENT OF THE INCOME FROM THE PUBLIC SCHOOL PERMANENT FUNDS, ETC., TO THE SCHOOL DISTRICTS OF THE STATE

	Income from Permanent Fund and Grant	Oil Tax	25% of	Mines Tax	Total	Less 5% Added to Permanent Fund	Amount Apportioned	Number of Persons	Amount Per Capita
			50% of Metals					of School Age	
1925	\$850,360.99	\$10,917.67			\$861,278.56	\$43,063.93	\$818,214.63	157,872	\$5.184
1926	1,033,624.11	26,878.08	\$187,093.64		1,252,595.83	62,629.79	1,189,966.04	156,383	7.61
1927	1,121,130.17	41,190.62	202,860.30		1,365,181.09	68,259.05	1,296,922.04	154,458	8.3966
1928	1,233,910.50				1,233,910.50	61,695.53	1,172,090.55	152,119	7.70509
1929	1,340,903.71				1,340,903.71	67,045.19	1,273,858.52	157,747	8.0753264
1930	1,426,973.50				1,426,973.50	71,348.68	1,355,624.82*	160,846	8.4280915
1931	1,143,847.76				1,143,847.76	57,192.39	1,086,655.37	160,836	6.75629448
1932	878,653.71				873,693.71	43,934.69	834,759.02	161,372	5.17288638
1933	744,133.56				744,133.56	37,206.68	706,926.88	161,909	4.36619879
1934	832,656.52				832,656.52	41,632.83	791,023.69	162,099	4.87988014
1935	1,045,713.87				1,045,713.87	52,285.69	993,428.18	162,807	6.10187634
1936	1,058,184.61				1,058,184.61	52,909.23	1,005,275.38	163,053	6.16532895

*There was a balance of \$124.42 not apportioned.

This table shows the amount of money actually apportioned by the state to the school districts of the various counties. The apportionments made up to and including the year 1923 undoubtedly represented almost exclusively the income from the public school permanent fund and grant. The apportionments made in 1925, 1926 and 1927 include certain receipts from oil tax and metals mines tax as shown in the table.

Chapter 67 of the Session Laws of 1923 provides for the levy and collection of an oil license tax of 2% of the gross value of the crude oil produced within the State and further provides that the State Treasurer shall annually transfer to the school income fund 25% of such tax.

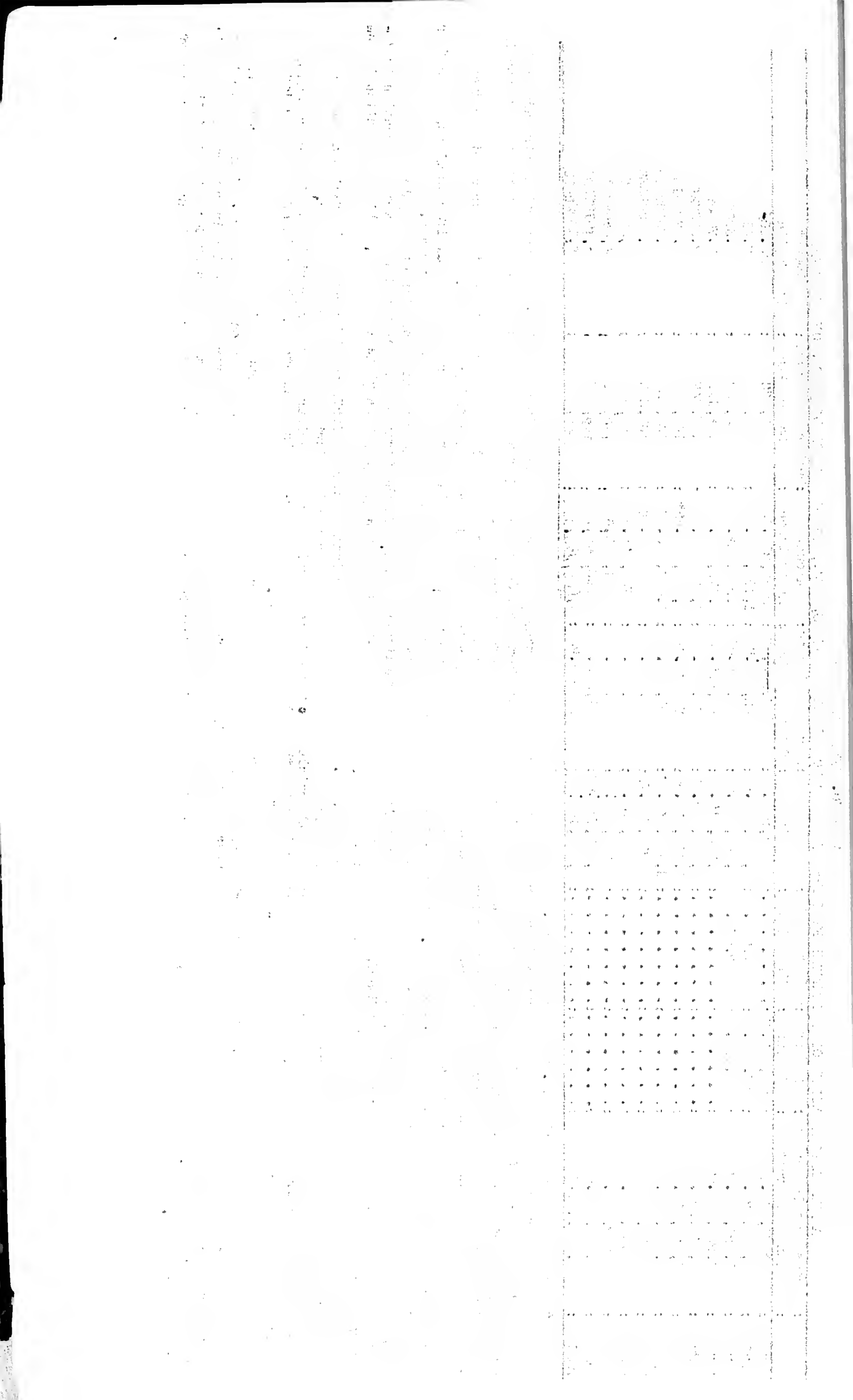
At the general election of 1924 the people of the State adopted Initiative Measure No. 28 providing for a license tax on metalliferous mines, and 50% of this tax was to go to the public school income fund. The foregoing table shows how much has been derived from each one of these sources.

Chapter 119 of the 1927 Session Laws provides that such proceeds from these license taxes shall no longer become a portion of the public school income fund, but shall be transferred to a fund to be known as the State Common School Equalization Fund. By the terms of the act the State Board of Education is declared to be the Common School Equalization Board, to administer and distribute the equalization fund as further provided in the act. This distribution is entirely separate from the apportionment of the public school income fund.

As a result the apportionment made in 1928 is more than \$100,000.00 less than the apportionment made in 1927, notwithstanding the fact that the actual income arising from the Federal land grants apportioned in 1928 was by far the largest income ever received during any year in its history.

The apportionment of the income is governed by Section 5 of Article XI of the State Constitution and various statutory provisions. The apportionment is usually made in March of each year, and includes the collections for the last previous calendar year. It is calculated on the basis of the number "of children and youths between the ages of six and twenty-one residing" in each school district.

From time to time various statutes have been enacted providing for adding parts of miscellaneous taxes to the Public School Interest and Income Fund to be apportioned through this department. The notes following tables numbered I and V of this report give some information on this subject. Chapter 175 of the 1935 Session Laws creates "the State Public School General Fund" and it provides that "all moneys coming to the state for distribution in support of the public schools of the state" shall be paid into this fund except money arising from the Federal land grants and the other income provided by Section 5 of Article XI of the State Constitution. Practically speaking, the said Chapter 175 will eliminate from the school income apportioned through this department all shares of miscellaneous taxes.



INCOME OF THIS DEPARTMENT AND OTHER MONEY APPORTIONED TO THE COUNTIES OF THE STATE
IN THE YEARS 1928 TO 1936 INCLUSIVE

(The rate is the amount per census person)

Name of County	1928	1929	1930	1931	1932	1933	1934	1935	1936
	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Beaverhead	\$11,318.77	\$12,589.43	\$12,810.70	\$10,445.23	\$8,245.58	\$7,221.69	\$7,749.25	\$9,726.39	\$9,519.27
Big Horn	21,443.26	22,901.63	23,286.82	19,005.46	15,177.25	13,124.79	14,951.95	19,855.51	21,079.26
Blaine	17,675.48	20,018.73	22,106.88	19,093.29	14,685.82	12,448.03	14,156.53	18,482.58	18,274.03
Broadwater	5,694.06	6,355.28	6,599.20	5,107.76	4,065.89	3,562.81	3,928.30	4,826.58	5,104.89
Carbon	36,576.06	37,485.67	37,269.02	29,180.44	22,931.41	18,831.42	20,597.98	25,078.71	24,655.15
Carter	9,169.06	9,601.56	10,484.55	8,499.42	6,616.12	5,728.45	6,519.45	7,474.80	7,466.21
Cascade	80,795.55	89,547.29	99,114.55	76,515.03	50,463.96	49,573.82	54,396.02	66,669.10	67,578.17
Chouteau	18,800.42	20,753.59	22,005.75	17,796.08	13,196.03	11,356.48	12,541.29	14,900.78	14,605.66
Custer	22,514.28	24,613.59	27,121.60	22,761.96	16,698.08	14,168.32	15,317.94	19,062.26	18,761.10
Daniels	14,254.42	15,892.24	16,704.48	13,181.53	9,600.88	8,243.36	9,457.21	11,361.69	11,183.91
Dawson	20,857.63	23,103.51	23,570.83	20,181.01	15,182.42	12,819.16	14,542.04	18,281.22	17,965.77
Deer Lodge	32,107.11	35,733.32	38,137.11	29,410.15	20,065.63	16,172.40	17,699.33	21,808.11	21,843.76
Fallon	10,933.52	11,886.88	12,861.27	10,783.05	8,328.35	7,073.24	7,695.57	10,080.30	9,272.65
Fergus	41,360.93	43,203.00	45,505.81	33,389.60	25,900.64	21,909.59	24,706.83	30,570.40	30,043.65
Flathead	42,378.00	45,956.68	49,582.46	41,024.22	32,196.04	27,585.64	30,704.21	38,923.87	40,919.29
Gallatin	37,577.72	40,029.39	43,488.95	35,004.36	27,266.28	22,909.46	25,658.41	30,954.82	32,084.37
Garfield	9,654.48	10,497.92	11,420.06	9,141.27	6,874.77	5,737.19	6,558.56	8,066.69	7,466.21
Glacier	13,090.65	14,955.50	15,861.67	12,891.01	10,459.58	8,789.16	10,603.98	14,729.93	15,388.66
Golden Valley	5,355.04	6,121.10	6,169.36	4,749.67	3,496.87	2,820.56	3,171.92	3,777.06	3,606.72
Granite	6,063.90	6,637.92	6,776.18	5,418.55	4,208.32	3,527.89	3,801.43	4,887.60	5,018.58
Hill	27,969.48	31,251.51	34,243.34	27,788.64	20,407.04	17,215.92	19,148.65	25,810.94	26,523.24
Jefferson	8,883.97	9,181.65	9,355.18	7,175.13	5,493.60	4,872.68	5,211.71	6,486.29	6,726.37
Judith Basin	13,052.42	13,703.83	13,990.63	10,749.26	7,780.02	6,606.06	7,178.30	8,762.29	8,495.82
Lake	23,477.41	26,543.60	28,748.22	25,315.84	20,463.94	17,386.20	21,251.88	25,005.49	27,256.92
Lewis and Clark	34,803.29	36,896.17	38,912.50	31,619.46	25,016.08	20,647.75	23,277.03	29,777.16	30,456.72
Liberty	4,965.19	5,652.73	6,287.36	4,972.63	3,864.15	3,204.79	3,606.23	4,320.13	4,315.73
Lincoln	16,488.99	16,748.23	17,833.84	13,803.11	10,919.96	9,348.03	10,335.59	12,594.27	12,546.44
McCone	2,215.29	10,724.03	12,633.70	10,674.95	8,090.39	7,343.95	8,056.68	9,769.10	9,846.03
Madison	12,975.37	13,905.71	14,091.77	11,485.70	8,737.00	7,566.62	8,139.64	10,080.30	10,086.48
Meagher	4,337.97	4,502.94	4,669.16	3,776.77	2,834.74	2,327.18	2,561.94	3,197.38	3,156.65
Mineral	3,790.90	3,884.23	3,758.93	3,202.48	2,446.78	1,956.06	2,298.42	2,928.90	2,922.37
Missoula	42,786.36	47,014.55	49,430.76	40,632.35	31,311.48	26,083.68	29,586.71	37,428.91	38,847.74
Musselshell	19,771.26	21,693.40	21,567.48	16,701.56	12,451.14	10,234.37	10,994.37	13,503.45	12,793.06
Park	22,801.83	24,500.54	24,846.01	19,532.45	15,875.59	13,635.64	15,352.10	19,050.06	19,001.54
Petroleum	4,969.78	5,248.96	5,259.13	4,047.02	2,984.76	2,602.25	2,898.65	3,478.07	3,224.47
Phillips	19,624.86	21,367.31	22,696.85	17,444.75	13,765.05	11,496.20	12,580.33	16,267.60	15,474.98
Pondera	14,269.83	17,676.83	18,297.38	14,688.18	11,499.33	9,631.83	10,696.70	13,820.75	13,878.16
Powder River	8,182.81	9,149.35	9,641.74	8,033.23	6,248.85	5,510.14	6,207.21	7,493.10	7,330.58
Porter	11,234.02	12,048.39	13,046.68	9,985.80	8,209.37	6,632.26	7,895.65	9,213.83	9,063.03

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TABLE NO. XXV (Continued)

INCOME OF THIS DEPARTMENT AND OTHER MONEY APPORTIONED TO THE COUNTIES OF THE STATE
IN THE YEARS 1928 TO 1936 INCLUSIVE

(The rate is the amount per census person)

Name of County	1928		1929		1930		1931		1932		1933		1934		1935		1936	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
	\$7.70509	\$8,075,326.4	\$8.4280915	\$8,428,091.5	\$6.7562943	\$6,756,294.3	\$5.17288638	\$4,366,198.79	\$4.87988014	\$4,879,880.14	\$6.10187634	\$6,101,876.34	\$6.16532895	\$6,165,328.95				
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Prairie	\$9,746.93:	\$10,772.49:	\$11,175.65:	\$8,884.53:	\$6,848.90:	\$5,680.42:	\$6,007.13:	\$7,084.28:	\$6,652.39:									
Ravalli	23,369.54:	24,993.14:	25,891.10:	21,775.54:	15,548.06:	14,390.99:	16,254.88:	20,953.84:	21,584.82:									
Richland	24,324.97:	26,269.04:	27,644.14:	23,288.95:	18,306.84:	15,369.02:	17,772.52:	20,313.15:	21,239.56:									
Roosevelt	26,312.89:	29,894.86:	33,080.26:	27,991.33:	21,974.42:	18,425.36:	21,251.88:	26,415.02:	26,979.48:									
Rosebud	15,179.03:	17,289.27:	18,288.95:	15,228.69:	11,463.12:	9,889.44:	10,794.29:	13,533.96:	14,118.60:									
Sanders	11,280.25:	11,620.39:	12,633.70:	9,620.96:	7,867.96:	6,977.19:	7,920.05:	10,489.13:	10,838.65:									
Sheridan	26,266.66:	27,876.03:	29,085.34:	23,072.75:	17,603.33:	15,198.74:	16,630.63:	20,319.25:	19,507.10:									
Silver Bow	106,129.91:	115,170.31:	125,224.58:	95,452.92:	70,827.16:	60,179.33:	67,527.78:	84,962.53:	85,617.92:									
Stillwater	16,234.63:	16,441.37:	16,763.47:	13,377.46:	10,175.07:	8,588.31:	9,559.69:	11,642.38:	11,325.71:									
Sweet Grass	9,022.66:	9,528.89:	9,903.00:	7,823.79:	5,690.18:	4,881.41:	5,319.07:	6,766.98:	6,535.25:									
Teton	14,354.58:	15,981.07:	16,771.90:	13,370.71:	9,890.56:	8,509.72:	9,218.09:	11,337.29:	11,633.98:									
Toole	12,235.68:	13,041.65:	14,007.49:	11,857.30:	8,845.64:	7,793.66:	8,534.91:	10,946.77:	10,974.29:									
Treasure	3,729.26:	3,884.23:	4,239.33:	3,418.68:	2,741.63:	2,344.65:	2,654.65:	3,307.22:	3,390.93:									
Valley	27,761.44:	31,235.36:	33,636.51:	26,363.06:	19,931.13:	16,958.32:	18,914.42:	29,758.85:	33,107.82:									
Wheatland	8,930.20:	9,294.70:	9,852.44:	7,756.23:	5,990.20:	4,977.47:	5,402.03:	6,547.31:	6,504.42:									
Wibaux	7,335.24:	7,687.71:	8,124.68:	6,560.36:	5,022.87:	4,235.21:	4,601.73:	5,546.61:	5,425.49:									
Yellowstone	68,536.76:	73,194.76:	79,114.57:	65,603.62:	52,892.76:	44,622.55:	50,823.95:	64,997.19:	66,055.33:									
TOTALS	\$1,172,090.55:	\$1,273,858.52:	\$1,355,624.82:	\$1,086,655.37:	\$834,759.02:	\$706,926.88:	\$791,023.69:	\$993,428.18:	\$1,005,275.38:									

TOTAL OF ALL APPORTIONMENTS FOR THE NINE YEARS \$9,219,642.41

It should be noted that the income shown by this table, aggregating more than \$9,000,000, shows only the income actually apportioned and paid to the various counties of the state for apportionment to the school districts.

The income arising from the Federal land grants for the state university, agricultural college, other state institutions and income for other funds administered by this department, is made available for the use of these various institutions through the office of the State Treasurer under appropriations made by the legislative assembly. The total income for these institutions and funds during the calendar years 1927 to 1935 inclusive, amounted to \$1,881,741.35.

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The number of transformed cells was determined by the number of colonies obtained on the selective medium. The results are the mean of three independent experiments. Error bars represent the standard deviation.

[illegible][illegible]

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Lichtenthaler (1987). The total chlorophyll content was determined by the method of Arar and Cook (1980). The carotenoid content was determined by the method of Lichtenthaler and Weil (1983). The total phenolic content was determined by the method of Singleton and Rossi (1965). The total flavonoid content was determined by the method of Zhishen et al. (1999). The total protein content was determined by the method of Lowry et al. (1951). The total soluble sugar content was determined by the method of Dubois et al. (1956). The total acid content was determined by the method of TAO et al. (1997). The total amino acid content was determined by the method of TAO et al. (1997). The total nucleic acid content was determined by the method of TAO et al. (1997). The total lipid content was determined by the method of TAO et al. (1997). The total mineral content was determined by the method of TAO et al. (1997). The total organic acid content was determined by the method of TAO et al. (1997). The total alkaloid content was determined by the method of TAO et al. (1997). The total saponin content was determined by the method of TAO et al. (1997). The total tannin content was determined by the method of TAO et al. (1997). The total terpenoid content was determined by the method of TAO et al. (1997). The total steroid content was determined by the method of TAO et al. (1997). The total glycoside content was determined by the method of TAO et al. (1997). The total alkaloid content was determined by the method of TAO et al. (1997). The total saponin content was determined by the method of TAO et al. (1997). The total tannin content was determined by the method of TAO et al. (1997). The total terpenoid content was determined by the method of TAO et al. (1997). The total steroid content was determined by the method of TAO et al. (1997). The total glycoside content was determined by the method of TAO et al. (1997).

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The number of transformed cells was determined by the number of colonies obtained on the selective medium. The results are the mean of three independent experiments. Error bars represent standard deviation.

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Lichtenthaler and Whistler (1973). The total chlorophyll content was determined by the method of Arar and Cook (1980). The carotenoid content was determined by the method of Lichtenthaler and Whistler (1973). The total carotenoid content was determined by the method of Arar and Cook (1980). The total protein content was determined by the method of Lowry et al. (1951). The total lipid content was determined by the method of Bligh and Dyer (1959). The total carbohydrate content was determined by the method of Dubois and Gilles (1950). The total nucleic acid content was determined by the method of Burton (1956). The total ash content was determined by the method of AOAC (1990). The total moisture content was determined by the method of AOAC (1990). The total dry matter content was determined by the method of AOAC (1990). The total organic acid content was determined by the method of AOAC (1990). The total alkaloid content was determined by the method of AOAC (1990). The total saponin content was determined by the method of AOAC (1990). The total tannin content was determined by the method of AOAC (1990). The total flavonoid content was determined by the method of AOAC (1990). The total phenol content was determined by the method of AOAC (1990). The total terpenoid content was determined by the method of AOAC (1990). The total steroid content was determined by the method of AOAC (1990). The total glycoside content was determined by the method of AOAC (1990). The total alkaloid content was determined by the method of AOAC (1990). The total saponin content was determined by the method of AOAC (1990). The total tannin content was determined by the method of AOAC (1990). The total flavonoid content was determined by the method of AOAC (1990). The total phenol content was determined by the method of AOAC (1990). The total terpenoid content was determined by the method of AOAC (1990). The total steroid content was determined by the method of AOAC (1990). The total glycoside content was determined by the method of AOAC (1990).

$$V = \frac{1}{2} \left(\frac{1}{\mu_0} \int_V \mathbf{B}^2 dV + \epsilon_0 \int_V \mathbf{E}^2 dV \right) = \frac{1}{2} \left(\frac{1}{\mu_0} \int_V \mathbf{B}^2 dV + \epsilon_0 \int_V \mathbf{E}^2 dV \right)$$

1. The first step is to identify the key components of the system. This includes understanding the hardware, software, and data involved.

TABLE NO. XXVI
COST OF ADMINISTRATION

68.

	July 1, 1934 to June 30, 1935	July 1, 1935 to June 30, 1936
Salaries:		
Commissioner	\$ 3,600.00	\$ 3,600.00
Assistant Commissioner	2,400.00	2,400.00
Other Salaries	15,603.08	15,703.60
1. Official Bonds	130.00	120.00
2. Postage	1,247.00	625.00
3. Telephone and Telegraph	260.60	256.26
4. Record Books and Blanks	645.20	318.98
5. Sundry Office Supplies	623.11	495.82
6. U. S. Land Office Fees	4.00	
7. Legal Advertising for Lieu Lands	37.00	
8. Legal Advertising - Applications for Patent. . .	308.00	210.00
9. Expense of Land Sales:		
1. Advertising	71.50	702.52
2. Mileage and Expense	37.05	84.29
10. Advertising - Leasing Oil and Gas	44.00	22.50
11. Printing Resolutions		7.57
12. Abstract Fee Paid	5.00	
13. Traveling Expense, Bond Sales, etc.	135.32	92.70
14. Industrial Accident Insurance	30.87	17.58
15. Furniture and Equipment, Repairs and Machinery .	387.00	865.78
Totals	\$25,568.73	\$25,522.60

FIELD DIVISION

Under Chief Field Agent

1. Salaries	\$4,500.00	\$8,340.00
2. Traveling Expenses & Other Operating Expenses .	1,568.05	5,721.24
Totals for Field Division	\$6,068.05	\$14,061.24
Total Cost for Department	\$31,636.78	\$39,583.84

Some variations will be found between the foregoing tabulation and the figures in the office of the State Accountant both in totals and in classification. In many cases the classification is a matter of choice and differences will therefore naturally arise. The other differences arise from the fact that expenditures incurred are not always charged against the appropriations at the same time in both offices. Claims are charged up in each office when they reach that office.

The low expenditures in field division for the fiscal year terminating June 30, 1935, is due to the fact that there was no appropriation for assistant field agents during that fiscal year.

As nearly all the affairs of this department appear to originate in certain land grants from the Federal Government to the State of Montana, it seems appropriate to give a brief history of these grants. But let us not blindly assume that these land grants constitute the real origin; by such assumption we should fail to realize their deeper significance. Back of these magnificent gifts there lies a great purpose; and to understand this purpose we must understand the spirit that actuated the givers - the Fathers of this Republic - and the age in which they lived.

The idea and purpose of the federal land grants date back to an age that represents a great turning point in human affairs, especially in the sphere of government and social organization, but at the same time an age of darkness and gloom and narrowness and poverty as compared with the richer, larger and sunnier life prevailing throughout large portions of the civilized world today. In that age a government in which all the people had some share was practically unknown; the education of the masses had never been tried and was dreamt of only by a very few; whatever enjoyment and comfort and culture there were for a small portion of society rested very largely upon the enforced toil and drudgery of the masses, and even upon the actual commercial ownership of a great number of human beings by others through the black institution of slavery.

But in this same age there also lived a growing number of altruistic men endowed with sympathetic comprehension of human life and inspired with visions of its liberation and enrichment. In the minds of these there gradually dawned a luminous truth, a guiding light - the consciousness of the worth and value and dignity of the common individual human life. Listen to the immortal words of Thomas Jefferson in the Declaration of Independence: "We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty and the pursuit of happiness." These truths embody a deep realization of the essential equality of all men, a profound respect and a devout esteem for human life as such, and they breathe the fruitful spirit of living sympathy with a struggling race. It is in reality the spirit of awakening humanity itself speaking through the founders of a nation.

In this spirit and on these principles, our forefathers founded the most stupendous experiment in democracy that the world ever saw; and it is worth noting that this spirit and these principles still remain among the most vital forces in improving political government and social organization. It was the earnest faith and fervent hope of the fathers that this form of government more than any other would insure a high degree of liberty, foster equality, and "aid in the pursuit of happiness". They also realized that in order to make this form of government a successful and enduring institution it was necessary to educate the masses. So they encouraged the establishment of public schools and inaugurated the policy of granting lands to aid in their perpetual maintenance.

The earliest educational land grants which I have been able to discover date back to the Continental Congress. On May 20, 1785, this body passed an ordinance reserving "the lot No. 16 of every township for the maintenance of public schools within the said township". This ordinance of the Continental Congress applied only to the "Western Territory", embracing the present states of Wisconsin, Illinois, Indiana, Ohio and Michigan; but from the grants then made developed the general policy of the United States of granting lands for the support of schools. It was gradually extended to all new states having public lands, and the grant was increased to cover two or more sections in each township.

The adoption of this policy is undoubtedly one of the great events in American history. The Public School has wrought mightily in the marvelous making of America. It has been a great power in liberating and enriching the life of the individual, and it has proved itself the most powerful agency under the control of the state for moulding the various and numerous elements of our population into one people and one nation.

There is one other act in the development of the land grant policy of the United States which has had such far-reaching effects that it is more than worthy of special mention. This is the Morrill Act, so named after its author, Justin Smith Morrill, of Vermont. He served as a member of the House of Representatives from 1854 to 1866 and was a member of the Senate from 1867 to his death in 1898. Briefly stated, the act that he formulated provides for granting "to the several states" thirty thousand acres of land for each senator and representative in Congress for the "endowment, support and maintenance of at least one college where the leading object shall be to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, as it contains the President's annual message to Congress. The letter is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

2. The second part of the document is a report from the Secretary of the Treasury, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

3. The third part of the document is a report from the Secretary of the Interior, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

4. The fourth part of the document is a report from the Secretary of the War, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

5. The fifth part of the document is a report from the Secretary of the Navy, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

6. The sixth part of the document is a report from the Secretary of the State, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

7. The seventh part of the document is a report from the Secretary of the War, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a very formal and dignified style, and it is one of the most important documents in the history of the United States.

of life". This Act was first passed by Congress in 1857 but vetoed by President Buchanan. It was passed a second time in 1862 and approved by President Lincoln on July 2 of that year. Numerous amendatory and supplementary acts have been passed since that time. Under these acts some seventy colleges have been established throughout the Union.

It is impossible to estimate the enormous benefits that have resulted from these institutions to a country and in an age in which "agriculture and the mechanic arts" have played such a dominant part in the forward march of civilization and in the liberation and enrichment of human life.

The federal land grant policy was made applicable to the State of Montana mainly through the Enabling Act, admitting the state into the Union. (25 Stat. 676). Section 14 of the so-called Organic Act, creating the Territory of Montana "reserved" sections sixteen and thirty-six in each township for school purposes; but the real grant is made through the Enabling Act. Minor grants for various purposes have been made through subsequent acts. The following statement enumerates all our land grants, showing the acreage of each, and makes reference to the acts under which they were made:

Federal Land Grants To The State Of Montana

Public School Grant. (Sec. 10 of Enabling Act, 25 Stat. 676)

This grant embraces Sections 16 and 36 of each township of the state outside permanent national reservations, and makes provision for selecting lieu lands for such of these sections that have been lost to the State. Total grant about	5,188,000 acres
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State University Grants.

Section 14 of the Enabling Act grants seventy-two sections, to be sold for not less than \$10.00 per acre, the proceeds to constitute a permanent fund, "the income thereof to be used exclusively for university purposes"; total grant	46,080 acres
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The Act of Congress approved March 9, 1904, (33 Stat. 64) grants the south half and the south half of the north half of Sec. 26, Twp. 13N., of Rge. 19 West, adjoining the original campus "for university purposes"	480 acres
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The Act of Congress of March 3, 1905, (33 Stat. L. 1080) grants 160 acres for a biological station; this land has been selected on Blue Bay on Flathead Lake . .	160 acres
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Total	46,720 acres
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Agricultural College Grants.

Sec. 16 of Enabling Act Grants	90,000 acres
(This is really the Morrill Grant made applicable to Montana.) Sec. 17 of Enabling Act makes an additional grant of	50,000 acres
Total	140,000 acres

Grant for School of Mines.

Sec. 17 Enabling Act	100,000 acres
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Grant for State Normal Schools.

Sec. 17 Enabling Act	100,000 acres
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State Reform School Grant.

71.

Sec. 17 Enabling Act 50,000 acres

Deaf and Dumb Asylum.

Sec. 17 Enabling Act 50,000 acres

Grants for Public Buildings at the State Capital:

Sec. 12 of Enabling Act	32,000 acres	
Sec. 17 of Enabling Act	150,000 acres	182,000 acres

Total of all these grants 5,856,720 acres

Minor Grants

Militia Camp.

The Act of Congress approved February 13, 1891, (26 Stat. 748), grants to the State of Montana one section of land within the abandoned Fort Ellis Military Reservation in Gallatin County for a permanent militia camp "or other public uses". The state selected the following lands for these purposes:

SE $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 10; the NW $\frac{1}{4}$, the SW $\frac{1}{4}$, the W $\frac{1}{2}$ SE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, all in Twp. 2S., of Rge. 6E. By State Senate concurrent resolution approved January 30, 1923, this land is now dedicated to the Agricultural Experiment Station.

Grant for Soldiers' Home.

The Act of March 2, 1895 (28 Stat. 938), authorizes the Governor of the State of Montana to select two sections of land within the abandoned Fort Maginnis Military reservation in Fergus County, "for the maintenance of a soldiers' home, or for other public purposes". But the act further provides that these lands shall be in part satisfaction of the lands already granted to the state by section 17 of the Enabling Act, and consequently this act does not increase the total grants to the State. The State selected a total of 1275.61 acres in sections 1 and 2 of Twp. 16N., of Rge. 20E., and in Sections 34 and 35 of Twp. 17N., of Rge. 20E., and deducted this acreage from the State Reform School Grant.

Grant for Agricultural and Manual Training School.

The Act of Congress approved February 11, 1915 (38 Stat. 807), authorizes the granting to the State of Montana of 2,000 acres of land at the price of \$2.50 per acre within the abandoned Fort Assiniboine Indian Reservation for the establishment of an "agricultural, manual training or other educational institution". The land carried with it valuable buildings. By act of the State Legislature approved March 8, 1913, the State of Montana had already made a provision for consummating this deal with the United States, and had established and located "The Northern Montana Agricultural and Manual Training School" at Fort Assiniboine (Sections 917 to 925 of the Revised Codes of 1921). The two thousand acres of land were subsequently selected in Sections 21, 22, 27, 28, 29, 32, 33 and 34 of Twp. 32N., of Rge. 15E., in Hill County.

State Penitentiary.

The last three lines of Section 15 of the Enabling Act read as follows: "The penitentiary at Deer Lodge City, Montana, and all lands connected therewith and set apart and reserved therefor, are hereby granted to the State of Montana". As far as known this is the smallest land grant made to the State, embracing a little less than nine and three-fourths acres, but it has an interesting history which has been furnished by Frank Conley, a former warden of the State Penitentiary, a summary of which is as follows:

Under date of October 20, 1864, J. S. Pemberton, C. A. Broadwater, and others incorporated as the Deer Lodge Town Company and by the same instrument they also "pre-empted" under a certain townsite act 32 acres of unreserved land on the Deer Lodge River.

Under date of January 16, 1868, these incorporators proceeded to plat this land as "Deer Lodge City, in Deer Lodge County, Montana Territory". The plat was filed for record in Deer Lodge County August 6, 1869.

Under date of March 3, 1868, this townsite company deeded certain blocks to the

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United States of America in consideration of the sum of \$500.00 for penitentiary purposes.

Under date of June 29, 1868, the same townsite company executed a quit claim deed to the United States of America covering the same land in order to convey better title. This conveyance covers all of Blocks 90, 104, 115 and parts of Blocks 89, 105, 114 and parts of certain streets, containing in all 420,320 square feet, according to the plat of Deer Lodge City at that time.

Since that time the plat has been changed and according to Frank Conley the land above described is the same as Blocks 52, 53, 62 and the $E\frac{1}{2}$ of Blocks 63 and 67 of the present townsite.

It appears that at the time of these conveyances to the United States, the Deer Lodge Town Company had not obtained good title from the United States to the land embraced within the townsite. Under date of June 15, 1872, the United States of America issued a patent to D. P. Newcomer, Probate Judge of Deer Lodge County, Montana Territory, to the land originally pre-empted by the townsite company and platted as Deer Lodge City to be held "in trust for the several use and benefit of the occupants of the townsite of Deer Lodge according to their respective interests" There is no record of any conveyance from Judge Newcomer to the State of Montana, but the last three lines of Section 15 of the Enabling Act, above quoted, do undoubtedly give title to the State of Montana to the land in question together with all buildings and improvements thereon.

The complete history of the penitentiary grant has been presented to the State Historical Library.

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In the discussion of various topics throughout this report, attention has been called to a number of changes in legislation that appear advisable. For the sake of convenient reference, all these various proposals for new legislation are enumerated here together with others, even though it will result in some repetition.

1. Proposed Refunding of Capitol Building Bonds

Beginning on page twenty-four of this report comprehensive and detailed information is given in regard to the various issues of Capitol Building Bonds. On June 30, 1936, the entire unpaid balance on these bonds was \$576,177, all of which was held by this department. Of this amount \$418,000 was issued in 1909, nearly thirty years ago, and \$100,000 was issued in 1911, some twenty-five years ago. The \$418,000 will become due on May 1, 1939, and the \$100,000 will become due October 1, 1941.

All these bonds and the interest thereon are payable from the receipts arising from the Capitol Building land grants. So far no payment on these bonds has been made from any other source. The annual interest charge at this time is nearly \$29,000, and during the last nine years the total annual receipts from the grants have averaged a little less than \$32,000. It is therefore quite evident that it would take an unconscionable length of time to repay these bonds from the Capitol Building land grants. It is probable that the state has already paid approximately \$1,000,000 as interest on these bonds and the perpetual payment of large sums of interest is not the road to riches either for the individual or the state. Unless something is done by the Legislature, the bulk of these bonds will soon be in default.

It is, therefore suggested, that the Legislative Assembly enact legislation authorizing the State Board of Examiners to issue amortization refunding bonds for the full amount of the bonds outstanding on January 1, 1937, drawing interest at the rate of 4% per annum, payable in semi-annual installments during a period of ten years from the date of issue. If we assume the amount of this issue to be \$575,000, the semi-annual installment would come to \$35,165.11 and the annual installments to \$70,330.22.

Judging from the past we can figure on average annual receipts from the Capitol Building land grants toward the payment of these installments of at least \$30,000 per annum, leaving not to exceed \$40,000 which would have to be provided from some other sources. The funds invested in these bonds belong to the permanent school fund and the permanent funds of the various state institutions, all of which are guaranteed by the state against "loss or diversion" (Article XI, State Constitution). This will give the state legislature the constitutional power to make payment from other sources than the Capitol Building grant.

No doubt other buildings will soon be required as adjuncts to the state capitol, and it would appear to be sound business practice to pay off the old indebtedness before contracting new indebtedness for similar purposes.

2. Proposed Amendments to State Farm Loan Legislation

This proposed legislation has already been discussed somewhat in detail under the head "State Farm Mortgage Loans" beginning on page thirty-three. The biennial reports of this department for the years 1928, 1930, 1932 and 1934 contained specific recommendations for legislation through which the state would make good its guarantee against any loss resulting from its investment of between four and five million dollars from the Public School Permanent Fund in state farm mortgage loans. The Legislative Assembly of 1935 enacted Chapter 127 (Secs. 1218.1 to 1218.6, R. C. M. 1935) in response to these recommendations. The act recognizes the liability of the state for the funds invested and promises to repay the total principal together with interest.

This legislation suffers from two vital defects:

a. Interest Rate Too Low. The original interest rate on state farm mortgage loans was 6%. The bill laid before the State Legislature proposed that the state should undertake to pay interest on the balance remaining from time to time unpaid at the rate of 4% per annum, but through amendment the interest rate was reduced to 2% per annum. Needless to say, this is not just and fair to the Public School Permanent Fund nor to the schools throughout the state to which the fund belongs. The interest rate was probably reduced under the mistaken idea that this would save money for the taxpayers of the state; but it is evident that the diminished school income resulting from this cut in the interest rate will increase the amount that must be raised by direct taxes on property in school districts throughout the state. No saving will result.

[illegible]

The just and fair thing to do will be to amend this legislation by raising the interest rate to 4%. It will be objected that this interest rate is high based on exceedingly low rates now prevailing. In all probability it will take approximately forty years to repay this indebtedness and the rate should be based on the long time trend and not on the exceptional conditions prevailing at the present time.

b. Additional Funds Should Be Provided For Repayment of the Loans. The act itself provides no funds for the payment of interest and repayment of the principal of the loans except the receipts from the mortgage lands themselves, such as, rentals, proceeds from the sale of the lands, interest on deferred payments, etc. In the long run these receipts might not be sufficient to pay interest at the rate of 4% per annum, much less to repay the principal. It is evident that if no additional funds are provided for repaying the indebtedness, the proceeds from the sale of the lands will eventually be used, at least in part, for the payment of interest. In that case the assets will gradually disappear, and the state will be left with a large balance of this indebtedness on its hands without corresponding assets.

The act itself takes cognizance of these circumstances and indicates that additional funds should be provided. The second paragraph of Section 5 of the act reads as follows:

"All other moneys received by the State Treasurer from any other source than that of the state general fund provided by the Legislative Assembly for the repayment to the public school permanent fund of the aforesaid amount invested in state farm mortgage loans shall also be placed in the said state farm loan sinking fund."

It was not thought wise to designate in the act itself what other funds should be made available. It is not an alluring thing either for an individual or a state to acknowledge an old debt and make provision for its repayment. If specific funds for the repayment of the indebtedness had been designated in the bill, it would probably have failed of being enacted into law. Additional revenues should be provided in the approximate amount of \$100,000 per annum, and this will probably require a separate act in place of an amendment to the present act. Even with this additional money it will probably take forty years for the full repayment of the indebtedness. A great deal will naturally depend upon weather conditions and crops, which no one can foretell. Would it not be possible to shift some of the state revenues now going into various school funds to the State Farm Loan Sinking Fund?

3. Money Diverted from the Public School Interest and Income Fund Through Legislation

Chapter 181, Laws of 1933, provides for the levy and collection of an income tax and for the allotment of the proceeds to various funds. Section 28 of the act provides that 50% of the proceeds shall go to the State General Fund; 25% to the "Common" School Interest and Income Fund; and the remaining 25% to the Common School Equalization Fund. Section 32 reads as follows:

"There is hereby appropriated from the general fund of the State of Montana, the "common" school interest and income fund and the common school equalization fund not otherwise appropriated, the sum of Forty Thousand Dollars (\$40,000), or so much thereof as may be necessary for the purpose of paying the expenses incurred in the administration of this Act in proportion to the distribution of taxes collected under this Act."

This evidently implies an appropriation of not to exceed \$10,000 from the "Common" School Interest and Income Fund for the two fiscal years beginning July 1, 1933 and terminating June 30, 1935.

In 1935 the Legislative Assembly made specific appropriations from the "Common" School Interest and Income Fund aggregating \$10,000 for salaries and expenses arising in the income tax division of the State Board of Equalization for the two next fiscal years, terminating June 30, 1937. These last appropriations were unquestionably based on the assumption that the "Common" School Interest and Income Fund would continue to receive 25% from the Income Tax. It appears proper to observe here that it is bad practice to make appropriations from the Public School Interest and Income Fund for any purpose whatsoever. Section 5 of Article XI of the State Constitution makes specific and complete provision for the distribution of the Public School Interest and Income Fund. These provisions constitute a perpetual appropriation of this fund and should not be ignored.

All the appropriations in this case were evidently made on the theory that in reality they would come from the share allotted to the Public School Interest and Income Fund from the income tax collections, and would therefore in reality not constitute an appropriation from the Public School Interest and Income Fund. To make sure that this would work out, the appropriations should have been made from these income tax collections before they were paid into the "Common" School Interest and

Income Fund; otherwise accidents might happen. In this case, accidents did happen.

Chapter 175, Laws of 1935, creates a new school fund, namely, "the State Public School General Fund" - a fund entirely separate and distinct from the Public School Interest and Income Fund. Section 4 of this chapter provides that "all moneys coming to the state for distribution in support of the public schools of the state, save only such school funds as by Section 5, Article XI, of the Constitution of the State of Montana, or otherwise by constitutional provision" are to be paid into this newly created fund. This great constructive measure was approved March 14, 1935; but one of its results was that after it went in effect, no part of the proceeds from the income tax would be paid into the Public School Interest and Income Fund. All the same the appropriations from this fund for the two fiscal years terminating June 30, 1937, remained in the statutes and the money appropriated was used in payment of salaries and expenses under the State Board of Equalization. The appropriations were necessary for the proper discharge of the duties imposed upon the Board. No fault is found with any board or officer for using the money appropriated.

Information obtained from the State Treasurer's office shows that up to and including March, 1935, a total of \$46,264.52 was paid into the Public School Interest and Income Fund from the state income tax collections; that during the same period \$5,675.90 was drawn from that fund under authority of the first appropriation; and that subsequent to March, 1935, a total of \$14,312.87 was drawn from the said fund under authority of the appropriations made.

Subsequent to March 14, 1935, when the said Chapter 175 was approved, no part of the proceeds from the income tax could be paid into the "Common" School Interest and Income Fund; and none was paid. Hence, no part of the expenses for the administration of the income tax laws, incurred subsequent to that date, could justly be appropriated and paid from the "Common" School Interest and Income Fund; but \$14,312.87 was actually paid from this fund subsequent to March, 1935, as above shown.

As these payments were made pursuant to legislative enactment, the simplest method of restoring this money to the Public School Interest and Income Fund will probably be through the enactment of legislation appropriating \$14,312.87 from the State Public School General Fund, and authorizing the State Treasurer to transfer the money appropriated to the Public School Interest and Income Fund.

4. Prospecting Permits and Mining Leases on State Lands

The legislation of this state dealing with prospecting permits and mining leases on state lands is entirely separate and distinct from legislation dealing with exploration for oil, gas and coal, and the extraction and removal of these resources. Chapter 186 of the 1933 Session Laws amended the statutes governing the issuing of prospecting permits and mining leases on state lands. The amendment is thoroughly bad. It provides among other things that the royalty on mining leases "shall be three per centum of the values of the ores, metals, precious stones, or other valuable minerals after mill and smelter treatment". No matter how rich the discovery might be, this legislation attempted to fix the royalty at 3%, in utter disregard of the mandate of Section 1 of Article XVII of the State Constitution requiring that no interest or estate in state lands shall ever be disposed of for less than the full market value. About 10% is a somewhat common royalty on the output of privately owned mines in the state.

Acting upon the oral advice of the Attorney General, the State Board of Land Commissioners and those working under the Board have entirely ignored this legislation. Our prospecting permits provide that if a lease is issued the minimum royalty shall be 10%.

Charles E. Pew, Attorney at Law of Helena, drafted fair and comprehensive legislation dealing with prospecting permits and mining leases on state lands for the last session of the State Legislature. This proposed legislation was checked over by the Attorney General's office and the Commissioner of State Lands and Investments. The bill as introduced and passed by the House represents a laudable attempt at sound legislation on this subject. It failed to reach the Senate in time for consideration but will no doubt be reintroduced at the coming session.

So far no valuable mines have been discovered and developed on state lands, but it is at least possible that valuable deposits of precious minerals may be found in the millions of acres belonging to the state. With the highly efficient machinery now in use, gold placer mining is showing rapid development, and no doubt some valuable placer mining ground will be found on state owned lands. Legislation on this subject should therefore be in full accordance with the wise and explicit mandates of the State Constitution.

The determination of the value of undeveloped mineral deposits hidden in the bosom of the earth is a difficult problem. This applies to metalliferous minerals, to coal, oil and gas and to practically all other mineral resources. As the royalties on all of these resources in state lands are required to represent the full market value, it is of basic importance to obtain all information reasonably available relating to these deposits before issuing mining leases. This is the work of expert geologists and mineralogists. No mining lease has been issued by this department during the last twelve years before a mineral examination has been made by a representative of the School of Mines. Dr. Francis A. Thomson, the President of the School of Mines, has very generously designated a high class geologist from his faculty. Dr. Eugene S. Perry has made a number of such examinations. This work has imposed additional burdens upon the faculty of the School of Mines without any additional compensation. This department has simply paid their actual field expenses.

Some arrangement should be worked out under which some member of the faculty of the School of Mines would be available for work of this kind and that on a far more extensive scale than in the past. It is at least possible that some other department of the state government might at times be in need of services of this nature. If so, a plan should be worked out satisfactory to all concerned including the faculty of the School of Mines; legislation will be necessary to bring this about. It would appear to be particularly appropriate to obtain this service from the School of Mines; it is an institution supported by the state, and it is also directly interested as 100,000 acres of land was granted by the Federal Government for the maintenance of this institution. More than 63,000 acres of this grant remains in the ownership of the state. Representatives of this institution can always be depended upon to be loyal to the permanent interests of the state.

6. Bond Legislation Chapter 6,
Laws of Extra Session 1933-34

Generally speaking the laws of this state governing the issuing and repayment of bonds are working well.

At the Legislative Assembly in 1923 legislation was written and introduced by the present Commissioner of State Lands and Investments providing that bonds thereafter issued in the State of Montana must be either amortization bonds or serial bonds. Since that time this legislation has been carried out in full detail through several additional acts. The basic principle is that the money borrowed must be repaid gradually through the entire period for which the bonds are issued. This legislation has brought results. On June 30, 1923, the total amount of the outstanding bonds of the counties of the state exceeded \$28,000,000. In 1933, (largely through the operation of these statutes), this indebtedness had been reduced to less than \$12,000,000, a decrease of more than \$16,000,000, and this notwithstanding the fact that very considerable amounts of new bonds were issued during this period for the erection of county buildings and other constructive purposes.

The economic depression and the emergencies resulting have naturally brought about some special legislation with regard to the issue and sale of municipal bonds. Chapter 6 of the Extra Session of 1933-34 is an example of this kind of legislation. It is not without merit, but it contains one serious defect: It makes it possible for counties and other political subdivisions of the state to issue refunding bonds without advertising these bonds for public sale. Provisions making such disposition of bonds possible was found in former statutes of the State of Montana that have now been repealed. The issue of bonds by a county or any other political subdivision of the state affects all its taxpayers and is public business which should be conducted in the most public way possible. Anyone wanting to bid for the purchase of such bonds should be given the full opportunity to do so. This can be effected only through public sale.

This department probably purchases more municipal bonds in the State of Montana than all other bond buyers put together, and is therefore directly interested.

There does not appear to be any statute now in effect authorizing a county to issue bonds in payment of any judgment that may be obtained against it, and it is evident that cases may arise where authority to issue such bonds would be very helpful.

7. The Montana Trust and Legacy Fund
(Proposed Amendment of Article XXI of the State Constitution)

This subject has already been discussed somewhat fully in this report.

At the present time this department has charge of the investment administration of

twelve separate funds including the Montana Trust and Legacy Fund. There is also a considerable number of more or less permanent funds subject to investment under the administration of various state boards and officers. With the exception of the funds invested through this department as parts of the Montana Trust and Legacy Fund, each one of these various funds must be separately invested. Obviously this has its difficulties. It is not an easy matter to find investments of the right kind and in the right amounts for the dribbling additions to the various funds nor for the repayments from time to time made. Unless close and constant attention is given to each separate fund, the investment of the smaller funds will not be made at all for considerable periods of time.

Almost any number of separate funds may be jointly invested as parts of the Montana Trust and Legacy Fund, but Section 10 of Article XXI of the State Constitution, which creates this fund and governs its administration, specifically provides that it shall not apply to the public school funds of the state, which funds shall be administered separately. At the time this article of the constitution was written, the joint investment of a number of separate public funds was a new and untried plan, at least in this state; it was thought that the electors might not approve of bringing the large permanent school funds in under this new investment plan. The plan has now been tested out and it works well as already explained in this report.

In order to obtain a business-like, highly efficient and up to date plan for the investment of public funds, this article of the constitution should be so amended that all state funds subject to investment may be invested as parts of the Montana Trust and Legacy Fund.

The plan in its present form, as now operated, makes ample provision for maintaining the integrity and continued separate existence of each particular fund.

8. Grazing Rentals on State Lands. New Legislation on This Subject Deemed Inopportune at This Time.

This subject has already been discussed in the notes following Table No. XIV dealing with agricultural and grazing leases. See Page Thirty-seven. Chapter 42 of the 1933 Session Laws, practically speaking, reduces grazing rentals on state lands to one-half of the rates prevailing under former statutes. Table No. XIV shows that on June 30, 1936, the average annual grazing rental on state lands was only about 5.39 cents per acre. The notes following the table show that according to the report the State Board of Equalization the average annual tax on privately owned grazing lands throughout the state was about six cents per acre and that the average assessed valuation of such lands was \$3.23 per acre. Calculated on these figures, taken from the 1934 report of the State Board of Equalization, the total annual cost of using privately owned grazing lands was more than twenty-two cents per acre, or four times the average grazing rental on state lands. It is quite evident that statutes which result in such disproportionately low rentals on state lands do not carry out the meaning and intent of the constitution which requires that no interest in state lands shall be disposed of at less than the full market value. This deplorable legislation results in loss of income for the school funds of the state and will make it exceedingly difficult to sell grazing lands at a price of not less than \$5.00 per acre.

Notwithstanding these facts, circumstances and considerations, it is not considered wise to attempt any new legislation dealing with grazing rentals on state lands at the present time. The unprecedented drought that has prevailed for several years throughout the Northwest, including the eastern portion of the State of Montana, has resulted in most trying conditions, particularly for the farmer and stock-grower. Conditions in Eastern Montana with regard to these basic activities in our economic life constitute a great calamity and tragedy for our people and our state. Under these conditions it would be exceedingly difficult to enact legislation which would be fair and just under normal economic conditions.

Supreme Court Decisions on Chapter 42

Chapter 42 of the 1933 Session Laws found its way into the Supreme Court in the case of Rider, Plaintiff, v. Cooney, Governor, Et Al., Defendants, 94 Mont., Page 295. As the court did not on the record before it declare the act unconstitutional, a great number of persons may hold the erroneous opinion that the act was fully and completely approved by the court. Such is not the case. One of the most vital matters involved in this case was the question of whether or not the grazing rentals as fixed by the said chapter represented the full market values. The court states and restates that this question was eliminated from consideration by the court through the stipulation of counsel. As this vital question of fact was eliminated from the consideration of the court it was not decided. The court reiterates the well established principle that the grant of lands for school

purposes by the Federal government to this state constitutes a trust and that it should be so administered as to secure the largest measure of legitimate advantage to the beneficiary of the trust. The court quotes Section 1 of Article XVII of the State Constitution as follows: "All lands of the state * * * shall be held in trust for the people; * * * and none of such land, nor any estate or interest therein, shall ever be disposed of except in pursuance of general laws providing for such disposition, nor unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, be paid or safely secured to the state".

In its opinion the court decided that a lease to state lands is an interest in these lands within the meaning of the constitution; that state lands may have a market value for leasing purposes even though there is only one applicant for lease; and that under the constitution the state is required to charge the full rental values. As the question of whether or not the schedule of rentals specified in the said Chapter 42 represents full market values, the court had to assume that it did represent such full values and was in accordance with the constitution. The last portion of the opinion reads in part as follows:

"The presumption being that the Act is constitutional, we are compelled to assume for the purpose of this opinion that the state will receive the market value for its grazing lands. However, if it should later appear that the valuations determined by the Act of the legislature have been arbitrarily fixed, and amount to a mere subterfuge to enable persons desiring to secure these grazing lands at less than their true value, or that the policy declared by this legislative Act results in a material portion of these lands being leased at a price less than their actual value, then clearly the Act is unconstitutional and cannot stand."

* * * * *

It is a fact beyond question or dispute, established by the records of the State Land Office, that the average rentals on all grazing lands placed under lease from the beginning of statehood up to the year 1933, were far higher than the rentals fixed by the said Chapter 42. From year to year, from decade to decade, millions of acres of these state lands were held under lease at rentals twice as high, or more than twice as high, as the rates prescribed by the new legislation. But these facts were not before the court.

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Under our economic system each person or organization usually produces mainly one class of goods or performs one kind of service. This one class of goods or one kind of service is exchanged for hundreds of kinds of goods and the numerous services that we enjoy in the intricate civilization of today. In this ceaseless and all pervading exchange of goods and services it is of course of the utmost importance that prices on the various goods and services are in the right proportion to each other.

These right, just and fair price relations - "Equitable Exchange Relations" - are indispensable for the regular functioning of our economic system. When important commodities are concerned, such as wheat, wool, cotton, etc., it is absolutely and entirely beyond the power of the individual to regulate the price. It is even impossible for a single state to do so, and difficult for the nation. But without just, fair, equitable and somewhat steady prices on our more important commodities, our economic system can never function in a satisfactory manner. The regulation of prices is plainly a national problem.

Another difficulty in the way of the efficient operation of our economic machinery is our miserable monetary system. Our money is based on gold; gold changes in value and purchasing power, and so does the money that is based on gold. Gold is scarce, and a huge and dangerous credit structure has therefore resulted. In time of economic stress when we need the support of the credit structure most urgently, it breaks down and falls upon us. The issue and regulation of money is unquestionably a national problem. It is so under the express provisions of the national constitution, and it is so in the very nature of things. In order to solve some of the problems of this department and of this state it appears necessary to approach them through national legislation and planning.

The Domestic Allotment Plan

One approach along national lines proposed by this department has already met with success; at least the plan advocated has been tried out through national legislation. The 1932 report of this department devotes eight pages to the advocacy of the Domestic Allotment Plan - pages 104 to 111 inclusive. At that time the Domestic Allotment Plan was entirely in its formative stages. My statement was more than a mere exposition of the plan; irrespective of previous proposals for some form of a Domestic Allotment scheme, it delineated in considerable detail a plan which the writer thought would work. It is not claimed that this advocacy of the proposed plan had much to do with its enactment into law; but the fact remains that all its main points were embodied in the Agricultural Adjustment Act approved by President Roosevelt on May 12, 1933.

The plan has brought millions of dollars of additional money to the wheat growers and other producers in the State of Montana. The total amount of money paid directly to this department by the United States under the Domestic Allotment Plan for the two fiscal years ending June 30, 1936, exceeded \$67,000. While the Agricultural Adjustment Act was found unconstitutional by the Supreme Court of the United States, a substitute plan has been worked out with the same objectives and is now in operation - commonly known as the Soil Conservation Program.

Needless to say, it would have been absolutely impossible for a separate state to establish and operate a plan of this kind; the problem could only be solved through national legislation.

A More Comprehensive Plan Now Advocated

The success of the Domestic Allotment Plan has given me courage to devote considerable thought to more comprehensive economic problems which can be worked out only through national legislation. I have endeavored to devise a plan under which equitable and somewhat steady prices can be established and maintained on basic commodities produced in this country. If this could be realized it would help wonderfully in the trade and exchange of these commodities and in the general development of our economic life; but we shall not even remotely approach a full solution of our fundamental economic problems unless we provide a far better "medium of exchange" in larger quantities and make it more accessible to all who are in possession of the goods and commodities on which sound money may be based. The plan proposes to base a supplementary currency directly on certain commodities which are subject to price regulation, and to make it payable in these commodities. It is claimed that money may be devised and issued based on these commodities which will have a constant purchasing power; that it may be placed in circulation without lending or borrowing, in quantities adequate for the legitimate demands of business, and sufficient to scale down the disastrous credit

structure. This will prevent money panics. The price regulation and other regulation connected with it, and the supplementary currency taken together, will create a powerful and lasting stimulus to business, extending to every branch of our economic life and will result in a prosperity, limited only by our capacity to produce.

This Department Vitally Concerned

As trustee for the Federal Land Grants made to the State of Montana, this department is responsible for the administration of approximately five million acres of land throughout the state; and it transacts business with thousands of farmers and stockgrowers. This department is therefore directly and vitally interested in obtaining just, fair and equitable prices on livestock and on agricultural products of every kind and nature.

It has at the present time more than Thirteen Million Dollars of trust funds invested in Federal Land Bank bonds and in bonds of the State and its political subdivisions. These bonds are payable through periods of time usually ranging from ten to twenty years. It is therefore of the utmost importance for the success and usefulness of this department that we have money that will retain constant value and purchasing power through long periods of time. National legislation alone can solve these problems.

The Duty and Privilege of the Citizen

This is a Democracy; and it is the privilege and the duty even of the most humble among its citizens to give serious thought to its problems. The staggering economic difficulties besetting us challenge our best thinking and demand boldness of initiative and planning. Without presumption and without apology I am therefore again submitting this plan for a Supplementary Currency Based on Commodities for the consideration of thinking people interested in our common welfare.

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A SUPPLEMENTARY CURRENCY BASED ON COMMODITIES

"We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity", must revamp our economic and financial system.

Our country is endowed with a profusion of natural resources. We have very largely solved one-half of the Great Economic problem of this country; we can produce, and in most cases actually do produce, an abundance of all material goods. We have mountains of wheat and other cereals for bread; butter and cheese, jam, jelly and marmalade to spread in thick layers upon it; the land flows with cream and drips with honey; we have storehouses filled with vegetables and fruits and fish and meats. We have huge supplies of wool and cotton and rayon for clothing, and a superabundance of materials for housing, be it a cottage of brick or a mansion of marble. This is the age of plenty and abundance. It is a glorious achievement of civilization that this is so. And yet millions want for food, go about in rags and live in hovels. It is not a glorious achievement of civilization that this is so; it is a melancholy proof of the imperfection of our economic and financial system.

It is pertinent and important to realize and note that the main cause underlying the economic derangement, depression and suffering in this country is not the same as in foreign countries. People in Belgium, Holland, France, Germany, India, China, Japan, and other foreign countries, are poor because these countries are poor in natural resources in proportion to the number of the population. This is real and stubborn poverty. In this country, we have economic depression and poverty in spite of the abundance of our natural resources. There, the poverty of the individual comes from the poverty of the land. Here, the poverty of the individual comes from the poverty of our ideas and the defects in our economic system. In this country material wealth has been so profuse and so easily gathered, that we have failed to give searching and long sustained thought to its equitable and wise distribution.

It is perfectly true that the total annual income in the United States even in the most prosperous times, if it could have been equally divided among the thirty million families, would not enable each family to live in luxury; but it is equally true that the production of material goods in the United States could be very substantially increased. The highest income was probably reached in 1929, when according to the best figures available it exceeded eighty-two billion dollars. If these eighty-two billion dollars had been divided evenly between the thirty million families in the United States the annual income would have been a little above \$2,700.00. The Brookings Institute, that great economic research agency in Washington, D. C., has figured out that even in 1929 the output of our factories was only 80% of the capacity. Needless to say, that the machinery, equipment and power in our factories could have been doubled if there had been any demand for the goods.

The problem of production is being more fully solved from day to day, and from year to year. The fountains that feed the streams of production are daily gaining in capacity.

The Second Half of Our Economic Problem is Distribution

To bring about a more unhampered, a more nearly just, equitable and wise distribution of our abundant streams of production - this is the second half of our great economic problem. It is the overshadowing problem before the United States today, crying and howling and moaning for a solution. We can at least get nearer to a solution than we are at present.

Among the numerous causes of defective distribution, let us examine two classes - the deadliest of the species. These are:

1. DISPROPORTIONATE, INEQUITABLE AND UNJUST PRICE RELATIONS BETWEEN VARIOUS COMMODITIES AND SUDDEN PRICE FLUCTUATIONS.
2. OUR INADEQUATE CURRENCY SYSTEM AND THE RESULTING TOP-HEAVY AND UNSAFE CREDIT STRUCTURE.

Disproportionate, Inequitable and Unjust Price Relations Between Various Commodities and Sudden Price Fluctuations

In discussing our economic problems and particularly in discussing prices, it is necessary to bear in mind from the very outset that under our present system each person or organization usually produces mainly one class of goods or mainly one kind

$$\frac{1}{\Gamma(\alpha)} \int_0^t (t-s)^{\alpha-1} f(s) ds = \frac{1}{\Gamma(\alpha)} \int_0^t (t-s)^{\alpha-1} \left(\sum_{k=0}^\infty \frac{f^{(k)}(0)}{k!} s^k \right) ds$$

of service, and this one kind of goods and this one kind of service must be exchanged for the hundred and one different kinds of goods and services that we utilize in civilized life today. If prices between various classes of goods are out of joint, the system simply doesn't work.

in his notable work, "The Wealth of Nations", published in 1776, Adam Smith points out that when the division of labor has been thoroughly established every man must live by exchanging and "become in some measure a merchant, and the society itself grows to what is properly a commercial society".

"The commercial society" has now fully arrived; we live by exchanging and it is now commonly understood that "equitable exchange relations", that is, prices that are in the right proportion to each other, is the very foundation of exchange, trade and prosperity. It is a matter of common knowledge that both during the first years of the present depression and before, prices on farm products were far below what they should have been in proportion to the prices on the articles that the farmer must buy.

There was a time when it took two bushels of the farmer's wheat to pay for a meal at a restaurant; five or six bushels to pay for a shirt, and half a dozen cowhides to pay for a pair of shoes.

The man in the factory could surely purchase food at bargain prices; but on account of his pauper income the farmer was unable to purchase in large quantities farm machinery, building materials, clothing, shoes and the hundred and one other articles needed for civilized existence. The products of mill and factory could not find a purchaser; the wheels of industry ceased to turn; millions lost their jobs, wages and purchasing power. This in turn further decreased the demand for all kinds of goods and merchandise; other factories were compelled to reduce production. More unemployment, less purchasing power, and more distress were and are the result.

Disproportionate Prices Always Obstruct Exchange and Distribution

The evil effects of disproportionate prices do not apply to farm products alone. An unjust price on any commodity, article or service, is always an obstruction to the free and easy exchange and distribution of wealth. Cut down the price on any class of goods or the compensation for any kind of service below its proper level, and you cut down to that extent the producer's ability to purchase other goods and other services; you cut down the sale of other goods and services to the same extent. This applies with equal force to wages, all goods and all salaries.

Prices that are in the right proportion to each other are at the very base of "economic and social justice"; and justice is the source of "domestic tranquillity" and the smooth operation of our economic system. A bushel of wheat or corn, a pound of wool or cotton, a ton of coal or iron, represents a certain part of a man's time and energy; it is part of his life. Unless he receives in return for this part of his life a corresponding part of the product of another man's life; he loses so much of his own life. He is murdered to that extent; and business is also murdered to that extent. The same applies to a man's work and wage in mill and factory.

Price Fluctuations

Violent price fluctuations are equally devastating to prosperity even if all prices could change in the same proportion. When prices advance rapidly, increased production along all lines will follow, both in raw materials and manufactured goods; industry will increase its reckless speed like a runaway engine racing down a steep grade, finally burying itself in a swamp. At the end of the mad race of mounting prices, gambling and speculation in the fall of 1929, the engines of our economic and commercial life buried themselves in a morass of trouble from which so far all our economic engineers have not been able to set them free.

Falling prices are almost equally disastrous. One would expect that they would result in an immediate increase in buying; but the opposite is the result. The wholesaler, the retailer and the consumer hesitate to buy on a falling market, because they expect prices to be lower next week or next month. Bankers are reluctant to increase loans on falling values. Thus falling prices tend to prolong inactivity, unemployment and depression until the belief gains ground that the depression has hit rock bottom.

Rapidly changing prices also have the damaging effect of destroying or shifting wealth, without any regard to economic justice. Through falling prices on lead, or copper, or silver, or any other mineral, the value of shares of stock representing these minerals may fall to next to nothing in a few weeks or months. The value of a farm in which a life-time of savings and hard labor has been invested may be

[illegible][illegible]

reduced to a liability through falling prices on farm products. On the other hand, a rapid increase in prices will create wealth for one class usually at the expense of another class.

Prices that are equitable for the essential commodities of life and that remain equitable and somewhat steady for a considerable length of time are absolutely essential for the free, abundant and continuous exchange of goods and services; and this is the very essence of our economic and commercial life.

Regulation Necessary

Equitable prices will not establish and maintain themselves any more than an automobile will keep the road without a steering wheel. Prices are affected by the supply and demand for goods; by the abundance or scarcity of money; by the quality of the money; by human selfishness expressed through thousands of independent agents; and by numerous other factors. The economic catastrophes of the past and the troubles of the present furnish painful and abundant proof.

The only effective way in which we can establish and maintain these equitable and constant price relations, which are absolute and irrevocable conditions for our economic well being, is through considerable regulation of production, distribution and wholesale prices of the principal commodities produced in this country. This can only be done and accomplished by the government of the United States and the cooperation of organizations in agriculture, industry and commerce.

It is, of course, no secret that our larger industrial and financial concerns have for many decades exercised considerable control along these lines without government supervision, or even sanction; but each concern has acted for itself and inevitably without due regard for other concerns and the interests of the public. Prices on various commodities that are in the right relation to each other have not been the result.

Regulation Must Be General

It is self-evident that a separate plan for each big industry is not sufficient - it does not work. Agriculture, industry, transportation, mercantile business, financial institutions and all the interests of labor must be considered and to some extent regulated as one single gigantic system. The complexities of the problem are staggering. But there is one encouraging element which gives ground for some hope: It may be easier to regulate a number of related industries jointly than to regulate each one separately. Under joint regulation, the self-interest of all will demand fair practices by each. There is here an element of self-adjustment which can only come into play when a number of industries and business institutions are placed under one single controlling power. If water is poured into a number of separate tubes or vessels, different levels will result; but connect them at the base, and the same level will be established in all of them. "Water seeks its level." So with various industries under one general supervision; the prices will tend toward one common level, and so will their general plans of operation.

We have our choice: either regulation, or chaos and disaster. The present trend toward unified regulation of agriculture, industry and commerce will therefore inevitably continue, urged on by the stern master of necessity. There will be temporary setbacks, but gradually our common sense, enlightened selfishness, and common interests, will have their way.

Regulation of Foreign Trade

It appears self-evident that if we are to regulate commodity prices in the United States on an equitable basis, we must often disregard world prices. This in turn will necessitate a more complete regulation of imports. We must base our prosperity mainly upon our own abundant production and the domestic market - not upon foreign trade. If we were to compete more extensively for foreign trade and open our markets wide to the products of foreign labor, desperately cheap, and woefully enslaved, it would debase our own people. We have only about one-sixteenth of the world's population but more than one-fourth of its wealth. If we are able to regulate prices, control our home market and manage our domestic affairs, we shall be able to get along splendidly without exporting goods at starvation prices to all the impoverished countries throughout the world. And our prosperity will not deepen their poverty - just the opposite. Through actual regulation by the government, we may swap large quantities of goods with them to mutual advantage.

This plan may not result in a decrease of our foreign trade; but it does mean first of all that we shall not permit our economic system to be demoralized by foreign domination. It requires the declaration and effective maintenance of National Economic Independence. If we are to have a real economic system, we must have one that

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is established and maintained in, by and for the United States of America.

Our Inadequate Currency System and Top-heavy Credit Structure

The regulation of industry toward which we have here merely hinted would help considerably to a more liberal and equitable distribution of our abundant production of wealth; but we shall not even approach a real solution of this fundamental problem unless we provide a far better "medium of exchange" in greater abundance and make it more accessible to all who have the proper commodities and merchandise against which it may be issued and circulated.

Our present monetary system is so antiquated, so wholly inadequate, so risky, risky and dangerous, that no sound and enduring recovery in our economic life can be brought about until this system has been greatly improved. The history of our monetary system is a record of constantly alternating periods of prosperity and panics.

Some Specific Defects in Our Monetary System

Our monetary system is based on gold. Theoretically our paper money and silver money and other money are payable in gold when gold is demanded. While this is no longer the case in reality, the theory holds good. And as our paper money is not redeemable in gold, in what is it redeemable? It is simply redeemable in other paper money.

There are at least four grave defects in our present monetary system even if our paper money actually was redeemable in gold.

1. Gold is unstable and shifting in value; that is, a fixed weight of gold will not at all times purchase the same amount of goods or services. There are woeful variations.
2. Money tied to gold is difficult to get into circulation.
3. There is entirely too little gold to serve our enormous business activities and as a result a top-heavy, risky and dangerous credit structure has developed.
4. This credit structure falls upon us in times of trouble. Credit expands in prosperity and contracts in adversity.

Let us consider each of these four defects a little more in detail.

The Shifting Value of Gold

Students of economics and finance have long recognized that stability of the value of money and prices is one of the most important and fundamental things in our economic life.

H. G. Wells, the famous English writer, says: "The world requires (that money) must represent absolutely stable purchasing power."

Sir Josiah Stamp, British Economist, says: "A stable price level is the most bitterly practical of all questions."

E. W. Kemmerer, one of the most famous students of money in the United States, says: "The world sooner or later must either learn how to stabilize the gold standard or devise some other monetary standard to take its place."

The stability of money is particularly important with regard to debts that extend over a number of years. Mortgages involving millions of dollars were placed on farms ten years ago, and a few years later it took twice as much wheat or wool or cotton to pay those millions as it did when the mortgages were made. In other words, the debts were doubled. When the purchasing power of money slumps it is equally bad for the man who furnishes the money. The most terrible example of this catastrophe is found in the deflation of the German mark a few years ago. Suppose that a man had put his life savings in a life insurance policy before the war. After the war the value of the mark went down to practically nothing and the man holding the insurance policy found that his life's savings had been reduced to nothing. To devise a dollar of a stable purchasing power is one of the hither-to unsolved problems in our monetary system.

The changing value of gold has now been recognized by the people of the United States, by the Congress of the United States, by the president and by the supreme court. By joint resolution adopted on June 5, 1933, the Congress of the United States authorized the President to reduce the gold content of the dollar by not less than

ORIGINAL ARTICLES
The Effect of the Diet on the Blood Sugar in the Normal Individual

By J. H. HARRIS, M.D., and J. H. HARRIS, M.D.
From the Department of Medicine, University of Chicago, Chicago, Ill.
(Received for publication, February 1, 1919.)

The effect of the diet on the blood sugar in the normal individual has been a subject of interest to physiologists and clinicians for many years. The question has been raised whether the diet has any effect on the blood sugar in the normal individual, and if so, what is the nature of the effect?

THE EFFECT OF THE DIET ON THE BLOOD SUGAR IN THE NORMAL INDIVIDUAL

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40% and not more than 50%. By proclamation issued January 31, 1934, the President of the United States reduced the weight of the gold dollar from 25-8/10 grains, nine-tenths fine, to 15-5/21 grains of the same fineness - a reduction of nearly 41%. By its decision in the so-called gold cases rendered February 18, 1935, the supreme court of the United States upheld the power of Congress and of the President to make this reduction in the gold content of the dollar. The purpose of this proclamation and the legislation authorizing it was to change the gold content of the dollar so that it would purchase approximately the same quantity of commodities and pay approximately the same amount of debts as it did a number of years before. Gold stands convicted of defrauding the American people through shifts in value.

The Difficulty of Getting Money into Circulation

The possessor of gold or silver may take it to a United States mint and have it coined into money. The money thus obtained will be placed directly in circulation; but, the gold and silver production of this country constitutes only an insignificant part of our annual production and income and the coinage privilege is limited to these scarce and unimportant commodities. The main streams of money are issued to banks and placed in circulation through loaning and borrowing. This involves the payment of interest and the risk and uncertainty involved in the obligation to repay the money at some fixed future time. Panics thrive on borrowed money.

If we extend the coinage privilege to other and more important commodities, a far greater portion of the output of money may be placed in circulation directly by the government without loaning and borrowing and the risks and uncertainties that this involves. We are so well accustomed to the limitation of the coinage privilege to gold and silver that we give little or no attention to this serious defect in our monetary system.

Insufficiency of the Quantity of Gold and the Top-heavy Credit Structure

The annual report of the Director of the Mint for 1974 (page 33) gives the following figures showing the production and the value of gold and silver in the United States for 142 years, from 1792 to July 31, 1935:

	<u>Total Production During 142 Years</u>	<u>Total Value of Production for 142 Years</u>
GOLD	228,882,271 fine ounces	\$4,731,410,500
SILVER	3,245,199,006 " "	2,528,609,409

It will be noted that the total gold production during these one hundred forty-two years falls considerably below five billion dollars. It is less than one-seventeenth of the income of the United States for 1929. It will be noted that the value of the silver production during the same period was only about one-half of the gold production.

Page 79 of the same report gives the total value of the monetary stock of gold in the United States in 1935 as \$4,322,599,000.

The "Statistical Abstract of the United States" for 1934 gives the total national wealth of the United States in 1922 as \$320,804,000,000. It gives the value of all the gold and silver coin and bullion in the United States as \$4,578,000,000. In other words the gold and silver coin and bullion of the United States in 1922 constituted a shade more than one and one-third per centum of the total national wealth.

Page 103 of the aforesaid report of the Director of the Mint gives the total value of the monetary stock of gold in the entire world in 1935 as \$11,654,726,000 - the accumulation of all the ages. This is less than one-sixth of the income of the United States for 1929. It will be noted that the United States held considerably more than one-third of the monetary gold stock of the entire world.

As a result of this scarcity of gold it has been found necessary to build up a tremendous credit structure. In the hearings before the committee on banking and currency of the United States Senate held in May, 1938, Dr. C. F. Warren of Cornell University, showed how much gold was available for each dollar in so-called deposits in the banks and money in circulation. This table covered the period from 1880 to 1931. The table is printed in the report and it shows that if all the monetary gold could be gathered in, there would be enough to pay from seven cents to fifteen cents per dollar. The proportion would vary from year to year. The lowest amount of gold available at any time was less than seven cents per dollar of the money in circulation.

[illegible]

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in YEA medium for 24 h at 28°C. The cell concentration of the strains was adjusted to 10⁸ cells/ml. The cell suspension was mixed with the plant tissue and the transformation efficiency was determined. The results were expressed as the mean ± SD of three independent experiments. The asterisks indicate the significant difference between the strains at the same concentration of the cell suspension.

[illegible][illegible]

and bank deposits, and the highest was a little less than fifteen cents. He further showed that money panics followed when the deposits and the money in circulation were the highest in proportion to the available gold.

It was not the purpose of Dr. Warren to show the ricketiness of our monetary system; he dealt mainly with the efficient use of gold. The explanation is that the "deposits" mainly represent borrowed "money" and that this money is mainly credit and not money.

Credits Expand in Prosperity and Contract in Adversity

In fair weather when everybody believes in continued prosperity, all goes well with this clever arrangement; but as soon as any economic or financial squall arises, the whole system is in distress. The credit system itself will actually go into reverse when credit is most urgently needed. When a man is most desperately in need of credit and loans, the banker finds that he too is sorely in need of the money. Instead of granting additional credit he finds it absolutely necessary to collect part of the loans already made. This is an inherent and inevitable defect and weakness in a monetary system that is largely based on debts.

We blame the depositors for withdrawing their money and call them in derision "timid souls". We blame the bankers for being tight-fisted, cold-hearted and lacking in patriotism and courage to meet the demands for financial aid and support. If we open our eyes and understand the simple facts of the situation we shall at once realize that neither the depositor nor the banker is to be blamed for his attitude of caution and apprehension. The depositor certainly has reason to fear that the banker may be unable to repay his deposit; it has happened so many times in the past and happens nearly every day. The banker is equally justified in fearing that the borrower will be unable to meet his obligations to him, and that he in turn will be unable to meet the call of the depositor. When we ask the depositor or the banker, any debtor or any creditor, to have complete confidence in this financial structure, we ask him to gamble against a mathematical certainty; we ask him to ignore the repeated experiences of this country with depressions and panics from 1836 to 1936.

The Closing of All the Banks in the United States on March 6, 1933

The temporary closing of all the banks in the United States by the proclamation of a bank holiday issued by the President on March 6, 1933, is the sincerest, broadest, deepest, loudest and most abject confession of the inadequacy and weakness, ricketiness and unsafeness of our financial structure that has ever been uttered. It was commonly understood that unless this drastic measure had been taken our entire banking structure would have fallen in one terrific crash.

The deposits were payable in money resting on gold; and the gold flowed out of the great banks in the East like water runs through a sieve. Millions upon millions of unemployed are lifting their doleful voices in one mighty chorus of condemnation against the unnecessary tragedy of this awful system. All those who are dissatisfied and eager to find fault, all our agitators and trouble makers, all our reds and bolshevists, could not possibly have drawn up a more sweeping and effective indictment.

It is worth noting that most countries throughout civilization have now been forced to "go off" the gold standard, at least temporarily. The only important countries that still operate on some sort of a gold standard are Switzerland, France, Belgium, Holland and Poland.

A Supplementary Currency Based on Commodities

As a natural and permanent remedy for many of the most disastrous defects in our monetary system, it is proposed to issue a supplementary currency based entirely on commodities. Let us monetize our merchandise and coin our commodities. The regulation of agriculture, industry and mercantile business toward which we are now working will stabilize the price and value of a great number of commodities in constant and extensive use. These commodities may serve as the measure of value for this supplementary currency and also as the actual values against which it is to be issued and in which it is to be payable. This supplementary currency may be issued in amounts that are adequate to meet the legitimate requirements of business; and it must be made easily obtainable by those who possess the commodities and merchandise on which it is to be based. It is not planned to abolish the gold standard outright but simply to issue and use a commodity currency as a supplement to the ten different kinds of money we now have.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings. The data shows a clear trend of increasing activity over time, which is consistent with the hypothesis.

4. The fourth part of the document discusses the implications of the findings. It suggests that the results have significant implications for the field of research and may lead to further developments in the future.

5. The fifth part of the document provides a conclusion and summarizes the main points of the study. It reiterates the importance of the findings and the need for further research in this area.

6. The final part of the document includes a list of references and a bibliography. It cites the various sources used in the study and provides a comprehensive overview of the literature in the field.

The Commodity Currency Plan in Congress

This plan for a supplementary currency has already found its way into the Congress of the United States. On June 6, 1934, the Honorable John E. Brickson, then one of the Senators from Montana, introduced Senate Bill No. 3784 embodying the commodity currency plan and proposing to create machinery for its operation. The title of the bill naturally is a summary of the plan itself, and it reads as follows:

"To provide for the issue of a supplementary currency without interest based on certain commodities and payable in commodities; to create a Supplementary Currency Board with power to fix wholesale prices on the commodities on which this supplementary currency is based in cooperation with representatives of agriculture and industry, and to regulate the issue and use of such currency; to provide for the organization of associations in agriculture, industry and business that may receive such supplementary currency upon giving title to the United States to commodities against which this supplementary currency may be issued; to strengthen the control of production and distribution on the basic commodities directly affected through regulating the issue and use of this supplementary currency; to regulate imports and foreign trade to the extent necessary to protect the economic and financial structure of the United States; and to accomplish other related purposes."

The Main Features of the Plan Further Explained

The Federal Reserve Board is the natural agency for administering this new plan. The Federal Reserve System represents a strong trend toward a real commodity currency. This board already has the power to issue Federal Reserve Notes which now constitute more than 60% of all the money in circulation and is by far the most important item of the various kinds of currency now in use in the United States. It is largely based on debts and chattel mortgages, and may therefore be regarded as a distorted species of commodity currency. The Federal Reserve Board also attempts to regulate the general price level by adjusting the quantity of money in circulation and by raising or lowering the interest rate.

The new functions proposed are in line with its present activities; but its membership must be increased in order that it may more fully represent the interests of all the people throughout the United States and become more completely an agency of the government. The Secretary of Agriculture, the Secretary of Labor, the Secretary of Commerce and a representative of the Federal Trade Commission should be added to the Board, probably others. It would have vast powers and responsibilities, and above everything else it should be so composed as to be independent of party politics.

Fixing of Prices

The plan proposes to give to this Board the power to fix wholesale prices according to actual values as nearly as the same can be determined on all the commodities that may serve as the basis for the issue of currency. The procedure for fixing these prices is prescribed somewhat in detail. Representatives of all the industries directly concerned are to work with the Board in fixing these prices. As I have already endeavored to explain, the most important thing in connection with prices is that they are in the right relation to each other. For every day transactions this is more important than the general price level. By fixing the prices on a considerable number of commodities at the same time and by giving representation to the various industries directly affected, we can expect to obtain prices that are approximately in the right relation to each other.

Commodities Against Which This Money May be Issued

The bill provides that the commodities by which the value of this supplementary currency shall be measured and determined shall be as follows: Rice (rough), sugar (refined), wheat, barley, oats, corn, beef, mutton, pork, lard, butter, flaxseed, cotton, wool, anthracite coal, bituminous coal, crude petroleum, aluminum, copper, lead, pig iron, silver, zinc and lumber.

The Board may in its discretion add other basic commodities to the foregoing list before the completion of the system and the issue of the first currency; but the total number of commodities, including these additions, shall not exceed thirty. The completed list shall be known as the "baselist".

No commodity shall be included in this list unless it is a basic commodity, produced chiefly in this country, used in large quantities, and well established throughout the United States; somewhat nonperishable, at least through commonly applied.

THE HISTORY OF THE UNITED STATES

The first part of the history of the United States is the period from the discovery of the continent by Christopher Columbus in 1492 to the establishment of the first permanent settlements in 1607. This period is characterized by the exploration of the continent by Spanish, French, and English explorers, and the establishment of the first permanent settlements by the English in 1607.

The second part of the history of the United States is the period from 1607 to 1776. This period is characterized by the growth of the colonies, the struggle for independence from Britain, and the establishment of the United States as a new nation. The colonies grew in population and in the number of settlements, and they began to assert their independence from Britain. The struggle for independence culminated in the American Revolution, which resulted in the establishment of the United States as a new nation.

THE HISTORY OF THE UNITED STATES

The third part of the history of the United States is the period from 1776 to 1865. This period is characterized by the growth of the United States, the struggle for slavery, and the Civil War. The United States grew in population and in the number of settlements, and it began to assert its independence from Britain. The struggle for slavery culminated in the Civil War, which resulted in the abolition of slavery and the establishment of the United States as a new nation.

The fourth part of the history of the United States is the period from 1865 to 1945. This period is characterized by the growth of the United States, the struggle for civil rights, and the World War. The United States grew in population and in the number of settlements, and it began to assert its independence from Britain. The struggle for civil rights culminated in the Civil War, which resulted in the abolition of slavery and the establishment of the United States as a new nation.

THE HISTORY OF THE UNITED STATES

The fifth part of the history of the United States is the period from 1945 to the present. This period is characterized by the growth of the United States, the struggle for civil rights, and the World War. The United States grew in population and in the number of settlements, and it began to assert its independence from Britain. The struggle for civil rights culminated in the Civil War, which resulted in the abolition of slavery and the establishment of the United States as a new nation.

THE HISTORY OF THE UNITED STATES

The sixth part of the history of the United States is the period from 1945 to the present. This period is characterized by the growth of the United States, the struggle for civil rights, and the World War. The United States grew in population and in the number of settlements, and it began to assert its independence from Britain. The struggle for civil rights culminated in the Civil War, which resulted in the abolition of slavery and the establishment of the United States as a new nation.

refrigeration or other well-established method of preservation, and easily divisible as to quantity or number, so that it may easily be delivered physically in large or small quantities.

It should be understood that within proper restrictions this commodity currency may be issued against other goods than those on the baselist.

Constant Purchasing Power

By fixing the value of the dollar directly as certain quantities of the most important commodities, we shall go very far in giving the dollar a constant purchasing power. The Board is given the power to change these prices in accordance with the changing cost of production. It frankly recognizes that the actual intrinsic values of many commodities may change from time to time. Constant purchasing power therefore does not consist in being able to obtain exactly the same quantities of the same kinds of goods from year to year. New discoveries, particularly in chemistry, may cheapen the production of a certain article or result in the production of substitutes that may drive other articles in well established use almost out of the field. The refrigerator takes the place of ice; gas displaces wood and coal as fuel; and the internal combustion engine drives the horse from the road and the field. The constant improvement in machinery brings down the labor cost in the production of goods, and consequently the actual cost of the finished goods.

The plan recognizes these constant and inevitable changes, and makes provision for adjusting the currency in accordance with these changes. In this way the proposed commodity currency will have real constancy of purchasing power as nearly perfect as human knowledge and intelligence can bring about. Constancy of purchasing power through long periods of time is one of the most important qualities to be sought in a medium of exchange and a measure of value. The lack of it is one of the serious defects in gold standard money.

Denomination and Form

This commodity currency shall be issued in the same denominations as the present currency of the United States. Money in the denomination of one dollar or above shall be in the form of paper bills, and they shall have engraved thereon information to the effect that they are payable in commodities as provided by law.

Money in lower denominations than one dollar shall be coined from light, cheap and durable metal.

Legal Tender

The supplementary currency hereby authorized shall be accepted by the United States in payment of taxes, excises, import duties, and all other obligations due the United States. It shall be a legal tender for all purposes unless otherwise specified by contract. It shall be unconditionally accepted in payment of all commodities and merchandise against which it is issued, in accordance with the prices of the baselist and other prices which may have been fixed by the Board.

Issued to Associations Only

It would be out of the question to issue this supplementary currency to individuals. Section 12 of the bill provides that such currency shall be issued only to regional associations formed under this act in the principal branches of agriculture directly affected by this plan, and in each one of the industries so affected. The Board shall have the power to determine the number of such associations and define the territory that they shall serve, following state lines as far as practicable; but the branches of agriculture and the branches of industry affected shall have the right to submit preliminary plans. It is the idea of this plan that such associations shall cover all of the United States, including Alaska and shall include producers of the main agricultural commodities, manufacturers, other producers, and dealers and distributors to which this plan applies and who desire to come in under its provisions. It is not compulsory to form or join these associations; but it will be found very convenient and profitable.

The Board shall require that each regional association shall either have actual resources of its own or shall have pledged and made available to it commodities or money payable upon demand from the various persons, associations and corporations constituting the regional association so that each of these regional associations may be possessed of high financial responsibility.

It is, of course, entirely possible to make associations in agriculture and industry as responsible in a financial way as banking associations.

$\frac{d}{dt} \left(\frac{1}{\rho} \right) = - \frac{1}{\rho^2} \frac{d\rho}{dt}$

[illegible]
$$x = 3, \quad y = 4, \quad z = 1, \quad w = 2, \quad u = 5, \quad v = 6, \quad t = 7.$$

$\frac{1}{\sqrt{\pi}} \int_{-\infty}^{\infty} f(x) e^{-x^2} dx = \frac{1}{\sqrt{\pi}} \int_{-\infty}^{\infty} f(x) e^{-x^2} dx$

Conditions for Obtaining Commodity Currency

One of the conditions for obtaining currency against commodities is that the association must give title to the United States to the commodities against which the money is to be issued. It is not required that the goods or commodities must be delivered physically to the government. On the contrary, the association receiving this currency will retain the right to sell the goods, wares and merchandise in the regular and ordinary course of business; but if the stock goes down below the proportion established between the value of the stock and the money received against it, then a proportionate part of the commodity currency must be returned directly to the Federal Reserve Board. A considerable accounting system must be developed showing stocks on hand and furnishing other pertinent information.

No Interest

It is most important to note that no interest whatever is to be charged by the government to the association receiving this commodity currency. This will not upset the usual and well established custom of charging interest on money loaned and borrowed. It applies only between the government and the association receiving the money. It is analogous to the present practice of the Federal Reserve system in loaning money to banks affiliated with the Federal Reserve system. Under the statutes and regulations governing the Federal Reserve system any bank affiliated with the system may obtain money upon putting up security of which not less than 40% is made up of gold certificates. The remaining portion may consist of various kinds of commercial paper usually secured by chattel mortgages. The Federal Reserve system charges no interest to the bank receiving this currency on that part of it which is backed up by gold certificates - no interest whatsoever. It is right that this is so because the value is in the gold and not in the paper.

It is here proposed to apply the same rule to actual commodities that are put up as the basis for money. The value is in the commodities and not in the slips of paper that the government issues against these commodities.

Enormous savings will naturally result from this sound and simple arrangement, and it will bring into circulation what money is required for the proper transaction of business.

Shipment on Consignment

Consignment of goods against which money has been issued is another helpful feature of the commodity currency plan - a feature that will be of the most far reaching importance in carrying the goods from the producer to the consumer. Section 15 of the bill reads as follows:

"When such supplementary currency is issued to an association against finished merchandise as authorized by this act, such association may under rules to be prescribed by the Board, ship such merchandise on consignment to dealers to be paid when sold, and merchandise so consigned shall be considered as a part of the merchandise on hand by the regional association: Provided, however, that the association shall charge no interest on goods so shipped and consigned, that the dealer shall sell such goods for cash only, and that the regional association shall be fully responsible to the Board for the goods so shipped and consigned."

The Money Not Callable Until the Commodities Have Been Sold

The banker will say that money can be obtained from the Federal Reserve system against goods, wares and merchandise of all kinds at the present time. That is perfectly true; but, of course, interest must be paid. That is probably not the most serious defect of the system. The gravest defect is that the money is repayable - and must be repayable - at some fixed future time, and usually it is called at the time when the borrower needs it the most urgently. Due to the comparatively small amount of actual money and the enormous development of the credit structure, this call for the repayment of the money in hard times brings about one panic after another. The economic and financial history of the United States is the story of a succession of booms and panics.

Scaling Down the Credit Structure

Scaling down the present dangerous credit structure is probably fully as important as increasing the amount of sound money. The two should go hand in hand. There should be a sufficient amount of sound money placed in circulation so that the reserve requirements of banks could be raised to not less than 50% of the deposits in

[Faint, illegible handwritten notes]

10. *Chrysomelidae* (1000)

1. **Identify the main components of the system.** The system consists of a **client** and a **server**. The client is responsible for sending requests to the server and receiving responses. The server is responsible for processing requests and returning responses.

2. **Describe the flow of data.** Data flows from the client to the server and back. The client sends a request to the server, and the server returns a response to the client.

3. **Explain the role of each component.** The client's role is to initiate requests and receive responses. The server's role is to process requests and return responses.

4. **Discuss the system's architecture.** The system is a **client-server architecture**. The client and server are separate entities that communicate over a network.

5. **Identify the system's dependencies.** The system depends on a **network** for communication between the client and server.

6. **Describe the system's security.** The system uses **encryption** to protect data in transit.

7. **Explain the system's scalability.** The system is **scalable** because it can handle a large number of clients.

8. **Discuss the system's performance.** The system's performance is **high** because it can process requests quickly.

9. **Identify the system's limitations.** The system has a **limited** number of clients that can connect at once.

10. **Describe the system's future plans.** The system will be **improved** to support more clients and faster processing.

[illegible][illegible][illegible]

place of 15% as now required. We would then have a fairly safe credit structure.

The Plan Carries Within Itself
Ample Powers for Its Operation
Both Constitutional and Practical

We have heard of the various Supreme Court decisions holding the Agricultural Adjustment Act and other recent regulatory legislation to be unconstitutional, null and void. Would not the plan here proposed find itself in the same class of out-laws? No. One of the fundamental legal advantages found in the plan is that it will enable Congress to utilize more fully great powers already vested in it by the Constitution, namely the almost unlimited power of Congress "to coin money and regulate the value thereof". These powers can now be brought into full play. In order to regulate the value of the commodity currency in accordance with the express provisions of the constitution, it will be found necessary to regulate the production, distribution and price of the commodities on which it is based. Otherwise the regulation of the value of the commodity currency would utterly fail.

There is here full constitutional authority for all the regulation that should be exercised in a Democracy. No amendment to the constitution is necessary on this score.

The inherent practical or economic powers of control are equally sweeping. In order that the plan may work, some conditions must be imposed in connection with the issue and use of the commodity currency, in addition to those already mentioned. The bill introduced in Congress embodying this plan demands that the associations receiving the commodity currency must cooperate in the regulation of production and prices. Associations engaged in the purchase and forwarding of commodities from producers to the terminal markets must among other things agree to the following specific conditions:

"(a). To purchase only from producers that have come in under the National Control Acts heretofore or hereafter enacted limiting the acreage that may be devoted to wheat crops or other crops, or fixing a maximum number or quantity of other commodities that may be produced from given tracts or areas of land, or otherwise, by each person, association or corporation.

"(b). To pay the prices fixed for the specific grades of commodities or products at the most accessible terminal markets, less the necessary storage and handling charges, including deduction for shrinkage and other usual costs and charges.

"(c). To sell at the prices fixed and to sell only to manufacturers, millers, and other actual users of the commodity or product, except exports to foreign countries and except also upon specific authorization of the Board. The commodity handled must be fairly distributed to actual users without any discrimination so that monopolies may be prevented.

It is perfectly obvious that through these means the National Government can exercise regulation and control that will extend to every branch and twig of our economic life.

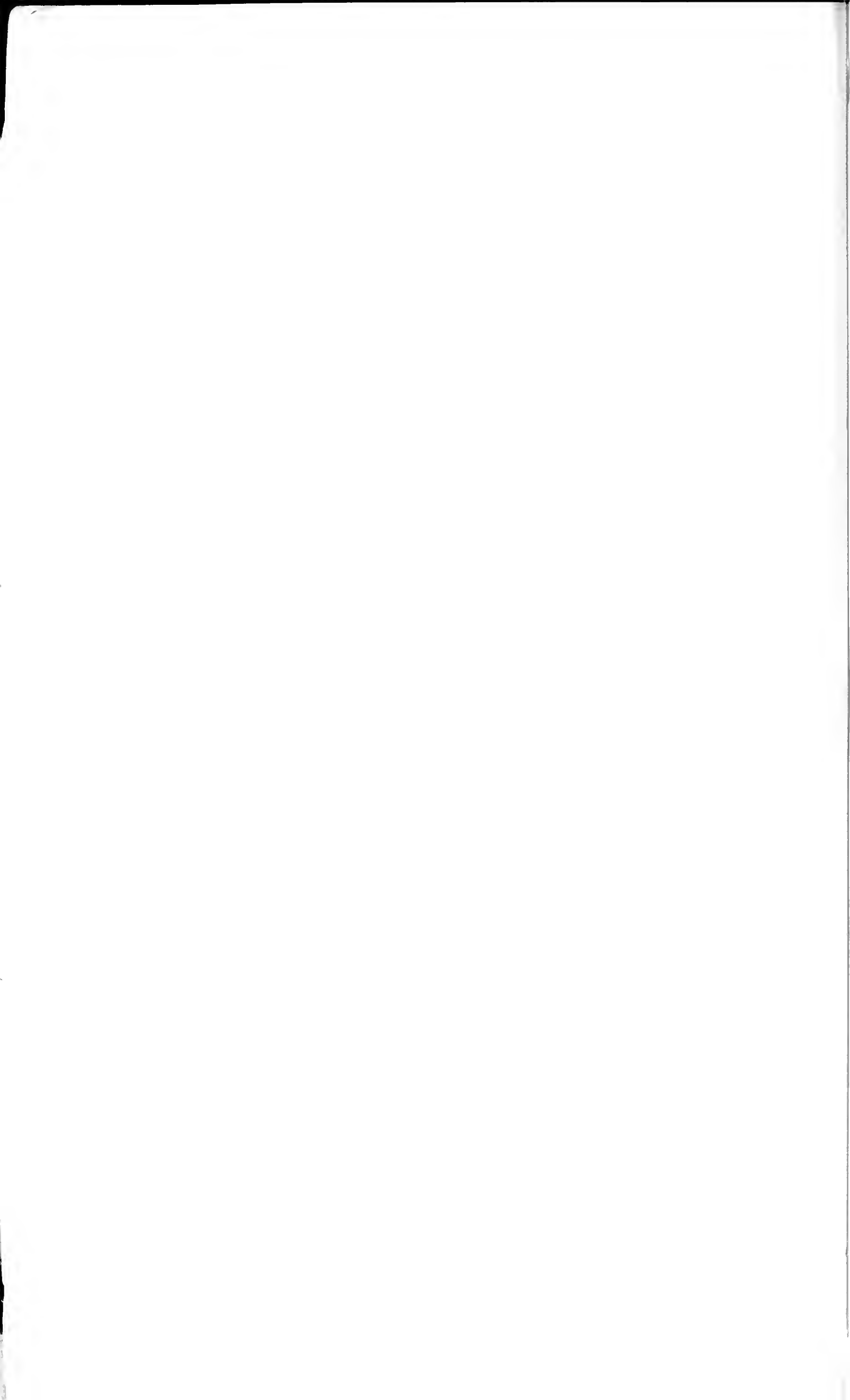
Results Epitomized

The Plan Will Bring About:

1. Just and constant prices on principal commodities. That is, prices that are in the right relation to each other - as nearly right as human intelligence can ascertain - and that will remain in this relation from year to year and from decade to decade. This is "economic and social justice" applied to the production and exchange of goods, and it is a workable way to "share the wealth".

2. Sound money. Money with abundant backing - money that is above suspicion as to its value and reliableness. The goods which it represents and in which it is payable are piled and stacked and displayed all around us in every store and warehouse. There would be no room for suspicion, doubt or fear as to the soundness of this money.

3. Money with constant purchasing power - constant from year to year and from generation to generation. Under our present economic and financial system prices on commodities are largely determined by accident, guess and gamble, by cunning and catastrophe; and these prices are expressed in money resting on gold, the value of which is also determined by accident, guess and gamble. This all-pervading gamble



with gambles has inevitably resulted in wobbly money and the mess we are in. Under this new system, money will be expressed directly as quantities of commodities, the prices of which are regulated by intelligence and justice. The purchasing power of the commodity dollar will automatically follow the equitable price adjustments on these commodities.

4. It will solve the problem of placing money in circulation by having it issued, without interest, directly to associations in agriculture, industry and commerce against suitable backing for sound money. These associations will distribute the money among their members.
5. It will cut out the payment of millions upon millions of dollars in unproductive interest every year. This will bring goods into the hands of the consumer at lower costs.
6. As the money is not repayable until the stocks of goods have been sold or reduced below the required proportion between the commodities on hand and the money received, the commodity dollar will remain constantly available and in steady circulation in good times and in times not so good.
7. It will scale down the hazardous credit structure. The quantity of money in circulation will automatically respond to the quantity of goods to be exchanged. As more goods are produced, more money will be immediately available to pay for these goods. The quantity of sound money in circulation can therefore be made adequate for the requirements of all legitimate business with very little borrowing.
8. For these reasons money and credit panics will become a thing of the past - a mere memory of the dark ages when business was chained in the heathenish superstition that glittering gold alone is real money.
9. It will automatically finance the distribution of goods. By permitting the manufacturer and wholesaler to ship goods on consignment while retaining the currency issued against these goods until they are sold by the retailer, it will automatically carry the goods to the retail store. This will enable the merchant to carry large stocks of goods with a small investment.

The money issued against these stocks has already found its way into the hands of laborers in the form of wages and furnished them with purchasing power to acquire the goods. More goods must be produced to satisfy the demand.

This circle of operation will automatically and continuously repeat itself.

10. Supplies of commodities of all kinds will be enormously increased. It will make it possible to carry large surpluses without depressing the market. By providing interest-free money before the goods are sold the sales pressure will be relieved and the carrying costs substantially reduced. This is particularly important in agricultural commodities. In this age of abundance, we should carry vast stores of goods, showering their riches throughout the land, both for immediate use and as insurance against possible catastrophes at home and abroad.

11. The plan carries within itself ample power for its operation, both constitutional and practical. In order to regulate the value of money as provided by the constitution, it will be necessary to regulate the production, distribution and prices of the commodities on which it is based. In order to obtain this currency, the associations wanting it must comply with all reasonable regulations of this kind prescribed by the Government. To obtain and use this currency will be an economic necessity. It will have a universal appeal to the profit-motive which is a form of the instinct of self-preservation, the deepest of all human instincts.

12. On the whole, this plan will furnish an immediate, powerful and lasting stimulus to private business and enterprise in all branches of our economic life. At the same time it will lend safety and stability to all kinds of enterprise now unknown. This will result in a vast amount of new employment and a truly immense increase of purchasing power. It will help most efficiently toward solving the second half of our great economic problem - the problem of distribution. Ultimately our system of exchange and distribution may become almost as efficient as our system of production. This is our goal. When this has been attained, the measure of our prosperity will be the measure of our capacity to produce. This will bring about a prosperity which in the even flow of its abundance, in its general diffusion among all classes of the population, and in its long duration, has never been approached in this or any other country.

A Warning From Abroad

Grinding poverty, crying economic injustice and social inequities - set and hardened, and gloomy as the walls of a dungeon - now prevail in many countries of Europe, and have engendered burning hatred, deep-seated suspicion and cowering fear between classes and countries. This hatred, suspicion and fear have brought about tyrannical dictatorships and brutish violence in all its forms, civil war and monstrous preparations for other wars so dreadful, terrible and appalling that they threaten to destroy civilization.

To prevent a similar fate for this great Democracy, still blessed with liberty, peace and abundance, we must search with open minds for a more nearly just and equitable distribution of our abundant material wealth. Justice alone can "insure domestic tranquillity and secure the blessings of liberty to ourselves and our posterity". We must revamp our economic and financial system.

I. M. BRANDJORD

Helena, Montana
October 18, 1936

